



February 18, 2010

Auditor

**EMPLOYEES  
RETIREMENT  
SYSTEM OF TEXAS**

**Ann S. Fuelberg**  
Executive Director

RE: Request for Proposal ("RFP") to Conduct a Dependent Eligibility Audit of the Participants enrolled in the health programs of the Texas Employees Group Benefits Program ("GBP")

I. Craig Hester  
*Chair*

To Whom It May Concern:

Cydney C. Donnell  
*Vice Chair*

*Board of Trustees*  
Don Green  
Yolanda Griego  
Owen Whitworth  
Donald E. Wood

The Employees Retirement System of Texas ("ERS") in accordance with Section 1551.055 and 1551.062 of the Texas Insurance Code will be soliciting Request for Proposal ("RFP") from qualified auditing firms to perform dependent eligibility audits of the Participants enrolled in the health programs under the Texas Employees Group Benefits Program ("GBP"). The services requested and described in the RFP have been broken into two (2) separate scopes of audit services: 1) an initial 100% dependent eligibility audit, and 2) an ongoing annual audit for newly added dependents enrolled in the GBP health programs. Qualified Auditors shall submit a proposal and bid response materials to provide services for both audit scopes.

A Texas Register Notice has been published at: <http://www.sos.state.tx.us/texreg/index.shtml> with additional RFP information. Your firm has been identified as offering one or more of the audit services listed above and ERS encourages you to review the posting and request access to the secured bid materials when they become available on the ERS website.

There will be a bidders' conference discussing highlights of the scope of the RFP that will provide participants with an opportunity to ask questions regarding relevant bid materials and response process.

ERS anticipates receiving high quality proposals for the audit services listed above and we encourage your organization to give full consideration to the development of a competitive response.

If you have any questions regarding this process, please submit your inquiry directly to the IVendor Mailbox at: [ivendorquestions@ers.state.tx.us](mailto:ivendorquestions@ers.state.tx.us).

Thank you for your interest in doing business with the GBP.

Sincerely,

ROBERT P. KUKLA  
Director of Benefit Contracts

**THE  
EMPLOYEES RETIREMENT SYSTEM OF TEXAS**

**REQUEST FOR PROPOSAL**

**TO CONDUCT A DEPENDENT ELIGIBILITY AUDIT OF THE PARTICIPANTS ENROLLED  
IN THE HEALTH PROGRAMS OF THE TEXAS EMPLOYEES GROUP BENEFITS  
PROGRAM**

**FEBRUARY 18, 2010**

## TABLE OF CONTENTS

**\*DEPENDENT ELIGIBILITY Audit RFP Deliverables CHECK LIST** (NOTE: Keep this Check List for your records. Do not return with your submission.)

<b>I.</b>	<b>Instructions</b>	1
A.	Request for Proposal (“RFP”) Summary	1
B.	General Information	3
<b>II.</b>	<b>Proposal Evaluation Criteria</b>	13
A.	General Evaluation Information	13
B.	Minimum Requirements	13
C.	Preferred Criteria	14
<b>III.</b>	<b>Audit Guidelines</b>	15
A.	Information to be Provided to Auditor	15
B.	Methodology and Scope of Services	15
C.	Staging of Contract Deliverables	18
D.	Project Management	20
E.	Eligibility and Verification	20
F.	Legal Notice and Response	21
G.	Communication	21
H.	Reporting	22
<b>IV.</b>	<b>Communication Requirements</b>	23
A.	General Information	23
B.	Materials Development	27
C.	Benefits Coordinator Training	27
D.	Communication Materials	27
<b>V.</b>	<b>Operational Specifications</b>	33
A.	Customer Service Call Center	33
B.	Call Center Processes	34
C.	Eligibility and Verification Dependent Status	35
D.	Staffing	36

E.	Resources for Staff	36
F.	Legislative, Media and Other Inquires	37
G.	Progress Reporting on Project Deliverables	37
H.	Final Reports	38
I.	Information Technology Requirements	38
J.	Customer Interaction Management	40
K.	Other Administrative Requirements	41
<b>VI.</b>	<b>Audit Price Proposal</b>	42
A.	Dependent Eligibility Verification Audit Services	42
B.	Additional or Optional Services	43
<b>VII.</b>	<b>Auditor Organizational Information</b>	45
A.	Information regarding the Organization responding to this RFP	45
B.	Legal Disclosure Requirements	50
C.	Data and Information Services	52
D.	Financial Reporting Requirements	54
<b>VIII.</b>	<b>Deviations</b>	55
<b>IX.</b>	<b>Interrogatories</b>	57
A.	General Information	57
B.	Administration and Auditing Personnel	57
C.	Systems and Technology	58
D.	Customer Service/Call Center	60
E.	Analysis & Reporting	62
F.	Communications	63
G.	Verification Documentation	64
H.	Claims Recovery	65
I.	Additional or Optional Services	65
J.	Legal Services	66
<b>X.</b>	<b>Appendices</b>	67

## Dependent Eligibility Audit RFP Deliverables CHECK LIST

**Order of Return:** The Auditor is required to submit all bid materials in the formats reflected below and in further detail at B.5.a-d and B.22.a-c. in one (1) sealed container: one (1) fully executed and labeled “Original” (which shall be labeled as such); two (2) identical hard copies shall be submitted with all requested supporting documentation, including, but not limited to the fully executed Contractual Agreement, signature pages, and BAA in printed format; and three (3) identical copies provided on a CD-ROM in Excel or Word format and labeled *Dependent Eligibility Audit RFP Response Duplicate 2010-2013*. **NO PDF DOCUMENTS MAY BE REFLECTED ON THE CD-ROM WITH THE EXCEPTION OF FINANCIAL MATERIALS.**

**ALL BINDERS MUST CONTAIN:**

PAPER FORMAT	RFP REFERENCE
<b>RFP FEEDBACK FORM</b>	Located on top of Table of Contents
<b>TAB I INSTRUCTIONS</b>	I.
<input type="checkbox"/> Executed RFP Signature Pages signed in <i>blue ink</i> (Appendix A)	I.B.9.
<input type="checkbox"/> Executed Contractual Agreement signed in <i>blue ink</i> (Appendix B)	I.B.14.
<input type="checkbox"/> Executed Business Associate Agreement signed in <i>blue ink</i> (Appendix C)	I.B.9.
<input type="checkbox"/> Detailed Implementation Plan	I.B.17. & I.B.19.
<input type="checkbox"/> Contract Compliance Index	I.B.18.
<input type="checkbox"/> Confidential and/or Proprietary Schedule-Public Information Submission ( <i>supply a separate schedule of all pages, in good faith, and with legally sufficient justification, considered to contain any confidential and/or proprietary information</i> )	I.B.22.
<input type="checkbox"/> HUB Designation Confirmation ( <i>if applicable</i> )	I.B.24.
<b>TAB II PROPOSAL EVALUATION CRITERIA</b>	II.
<input type="checkbox"/> Minimum Requirements ( <i>evidence of Auditor’s satisfaction of Requirements</i> )	II.B.
<input type="checkbox"/> Preferred Criteria ( <i>evidence of Auditor’s satisfaction of Criteria</i> )	II.C.
<b>TAB III AUDIT GUIDELINES</b>	III.
<input type="checkbox"/> Call Center scripting and policy and procedures manual	III.B.4.
<b>TAB IV COMMUNICATION REQUIREMENTS</b>	IV.
<input type="checkbox"/> Provide samples GBP specific copies of all proposed communication materials ( <i>in both electronic format and print - one (1) packet labeled “Proposed Audit Project Communication Materials – Printed”</i> )	IV.D.1.
<input type="checkbox"/> Provide proposed test website and printed screenshots ( <i>on CD-ROM with an ACTIVE URL address</i> )	IV.D.5.
<b>TAB V OPERATIONAL SPECIFICATIONS</b>	V.
<input type="checkbox"/> Provide reporting methodology utilized	V.A.1.a.3
<b>TAB VI AUDIT PRICE PROPOSAL</b>	VI.
<input type="checkbox"/> Dependent Eligibility Verification Audit Price Proposal	VI.A. – VI.B.
<b>TAB VII AUDITOR ORGANIZATIONAL INFORMATION</b>	VII.
<input type="checkbox"/> Organizational Information Responses and Requested Materials	VII.A. – VII.D
<b>TAB VIII DEVIATIONS</b>	VIII.
<input type="checkbox"/> Deviation Responses	VIII.A.1. – VIII.A.8.
<b>TAB IX INTERROGATORIES</b>	IX.
<input type="checkbox"/> Interrogatory Responses and Requested Materials	X.A. – X.J.
<b>CD FORMAT</b>	<b>REFERENCE</b>
<input type="checkbox"/> All materials described above shall be received in CD-ROM Format. The two (2) separate Response CD-ROMs shall be in either Word or Excel format.	I.B.5.
<input type="checkbox"/> Two (2) sets of CD-ROMs-Set One - ( <i>Confidential and Proprietary Information</i> ) and Set Two ( <i>Public Information</i> )	I.B.23.a.-c.

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 the bid process.

### Additional Comments

---

---

---

### About Your Organization

Name \_\_\_\_\_

Contact

E-mail \_\_\_\_\_

Address \_\_\_\_\_

Phone \_\_\_\_\_

City, State,

ZIP Code \_\_\_\_\_

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

*Thank you for your consideration and participation!*

# I. Instructions

## A. Request for Proposal (“RFP”) Summary

- A.1. **Introduction:** The responsibility for the administration of the Texas Employees Group Benefits Program (“GBP”) is vested in the six (6) member Board of Trustees (“Board”) of the Employees Retirement System of Texas (“ERS”). Pursuant to Sections 1551.055 and 1551.062 of the Texas Insurance Code (“TIC”), ERS is the administrator for the GBP which provides benefits to over 299,729 state agencies and certain higher education Subscribers, and approximately 231,460 Dependents.

In accordance with Chapter 1551, ERS is issuing a Request for Proposal (“RFP”) to perform a dependent eligibility audit (the “Audit Project”) of the Participants enrolled in the GBP. A qualified Auditor (“Auditor”) shall supply the level of services required in the RFP and meet other requirements that are in the best interest of ERS, the GBP, or its Participants. Auditor shall be required to sign a Contractual Agreement and Business Associate Agreement (“BAA”) with ERS relating to the services described in this RFP.

- A.1.a. An Auditor responding to this request shall:
- Meet all of the minimum requirements as referenced in Article II of this RFP.
  - Meet the Proposal (“Proposal”) content and statement requirements; and
  - Adhere to all RFP and other terms of the Contractual Agreement.
- A.1.b. This Contract and all aspects of this Contract shall be for a term to be effective following Board selection of a qualified provider of auditing services upon the execution of the Contractual Agreement by ERS and Auditor, and extending until such time as the Contract is terminated as provided herein, except that the Contract shall automatically terminate if ERS or ERS’ Board does not provide for funding of services as contemplated by the Contract in ERS’ annual budgeting process.
- A.2. Specifically, the Auditor shall work with ERS to develop multiple notices to Subscribers announcing a ninety (90) day Compliance Period in which Subscribers shall submit acceptable documentation to continue Dependent coverage. ERS will cancel coverage for Dependent(s) of Subscribers failing to provide acceptable documentation during the Compliance Period. The Auditor shall operate a Customer Service Call Center (“Call Center”) to handle questions and clarifications regarding the dependent eligibility verification process, and establish procedures for good cause excuses, time extensions, and appeals. The Auditor shall also provide assistance as necessary to Benefits Coordinators (“BC”) from each state agency BCs located throughout the State. The Auditor shall provide detailed analyses to ERS following the completion of all dependent eligibility verifications.
- A.2.a. This Audit Project involves an expedited timeline for implementation. The Auditor shall initially validate eligibility of all Subscribers with dependent coverage consistent with the schedule reflected in Article III.B.7., and utilize the process

© Copyright 2010 Employees Retirement System of Texas. All Rights Reserved

All material found in this Request for Proposal, including all attachments incorporated therein, are Copyright 2010 by Employees Retirement System of Texas. Any use of materials from this Request for Proposal or an attachment thereto, including reproduction, modification, distribution or republication, without the prior written consent of Employees Retirement System of Texas, is strictly prohibited.

demonstrating dependent eligibility as outlined in Articles III., IV., and V. Subscribers will have a ninety (90) day Compliance Period in which to submit acceptable documentation to prove Dependent status. Processing of recommended changes in dependent eligibility by Auditor shall be ongoing, with all changes submitted to ERS consistent with the schedule set forth in Article III.B. At its discretion, ERS will be responsible for entering the changes required as a result of the verification findings into the GBP's eligibility system.

A.2.b. For reference, eligibility requirements and definitions for the GBP are reflected in Appendices F, G and H.

A.3. **Schedule of 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 February 11, 2010		RFP is available on ERS' website. To access the RFP, Auditors shall email their request to: <a href="mailto:lvendorquestions@ers.state.tx.us">lvendorquestions@ers.state.tx.us</a>  <b>A USERID and Password will be provided only to those qualified bidders requesting access to the secured sections of the RFP. All Auditors are prohibited from contacting agency employees or officials throughout the bid process other than as directed by ERS.</b>
February 24, 2010	4:00 p.m. (CT)	To register for the Dependent Eligibility Audit Bidders Conference, send requests to: <a href="mailto:lvendorquestions@ers.state.tx.us">lvendorquestions@ers.state.tx.us</a>
February 26, 2010	4:00 p.m. (CT)	Submission deadline for all RFP questions. RFP questions should be submitted to: <a href="mailto:lvendorquestions@ers.state.tx.us">lvendorquestions@ers.state.tx.us</a>
March 10, 2010	2:00 p.m. (CT)	Dependent Eligibility Audit Bidders Conference
March 24, 2010	12:00 Noon (CT)	The Auditor is required to submit all bid materials in the formats reflected below and in further detail at B.5.a-d and B.22.a-d. in one (1) sealed container: one (1) fully executed and labeled "Original"; two (2) identical hard copies; and three (3) identical copies provided on a CD-ROM. <b>No PDF documents may be reflected on the CD-ROM with the exception of financial materials.</b>  <b>Submit Bid Materials to:</b> Ann S. Fuelberg, Executive Director Employees Retirement System of Texas 200 E. 18th Street; Post Office Box 13207 Austin, Texas 78711-3207 RE: Dependent Eligibility Audit RFP Response
May 3-6, 2010		Bidding finalists may be required to participate in a face-to-face or teleconferenced interview session that will be announced at an ERS designated time and location. Required Auditor participants and interview guidelines will be provided if an interview appointment is extended by ERS.
May 25, 2010		ERS Board selects the qualified Auditor to provide dependent eligibility audit services as reflected herein.
June 1, 2010		Entrance Meeting(s) are Held
On or after June 1, 2010		Contract Begins

**ERS RESERVES THE RIGHT TO EXTEND ANY AND ALL DEADLINES ABOVE, TO REJECT ANY AND ALL PROPOSALS, OR TO ISSUE A NEW RFP AT ANY TIME, IN ITS SOLE DISCRETION. FAILURE TO PROVIDE PROPOSALS IN THE FORMAT REQUESTED MAY RESULT IN AUDITOR BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL PROPOSALS SHALL BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM, INCLUDING EXTENSIONS. ERS WILL NOT NOTIFY AUDITORS UNLESS THEY ARE SELECTED FOR INTERVIEWS OR ENGAGEMENT.**

- A.4. The Auditor is responsible for reviewing and responding to the RFP materials available on the ERS website listed below:

<http://www.ers.state.tx.us/vendorbid/contracts/default.aspx>).

ERS' website provides interested parties with background information regarding the benefits offered to GBP Participants, archived Proposals, and an electronic version of the RFP. The information contained in this offering provides instructions for the Auditor to submit a Proposal to ERS' RFP and specifies a deadline for the submission of questions as reflected in the table provided above and at I.B.4. below.

## **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 the Auditor. Any requests for ERS to provide such designation shall be rejected. Auditors are specifically instructed to submit Proposals directly to ERS as specified in Paragraph I.A.3. above, and Paragraph I.B.5. below.
- B.2. **Price Proposal:** It is ERS' desire to select an Auditor that is qualified to conduct an audit verifying dependent eligibility for GBP programs based on the RFP and other Contractual Agreement requirements specified in Appendix "B". An interested Auditor shall ensure that it submits its proposed fair and reasonable fees for the auditing services in accordance with Article VI of this RFP.
- B.3. **News Release:** Prior written approval by ERS shall be required for any news releases regarding a Contract awarded to an Auditor.
- B.4. **Inquiries:** Questions regarding ERS and/or the RFP shall be submitted via email, no later than 4:00 p.m. CT on February 26, 2010. In its sole discretion, ERS shall post the question and response that it deems appropriate on ERS' website in a timely manner. Such inquiries should be directed to:

Robert P. Kukla  
Director of Benefit Contracts  
Email: [ivendorquestions@ers.state.tx.us](mailto:ivendorquestions@ers.state.tx.us)

- B.5. **Proposal Submission:** All bid materials shall be packaged collectively in sealed containers and submitted to ERS as required in detail below at I.B.5.a.-d. and I.B.22.a.-c. ERS may not consider a Proposal unless one (1) "Original", two (2) duplicate, paper copies, and three (3) CD-ROM copies are received by ERS at the appropriate address no later than 12:00 Noon, CT on , March 24, 2010.

- B.5.a. The mailing label for the Proposal shall be clearly marked as: “*Dependent Eligibility Audit RFP Response*”, and addressed as follows:

Ann S. Fuelberg  
Executive Director  
Employees Retirement System of Texas  
200 E. 18<sup>th</sup> Street; Post Office Box 13207  
Austin, Texas 78711-3207

- B.5.b. The one (1) printed “Original” (which shall be labeled as such) and two (2) additional printed copies shall be submitted with all requested supporting documentation, including, but not limited to the fully executed Contractual Agreement, signature pages, and BAA in printed formats.

- B.5.c. An additional three (3) copies shall be submitted via CD-ROMs in Excel or Word format and labeled *Dependent Eligibility Audit RFP Response Duplicate 2010-2013*. **No PDF documents may be reflected on the CD-ROMs except those reflecting financial information.**

- B.5.d. ERS is not responsible for receipt of any Proposal that is not labeled, packaged or delivered properly. All bid materials shall include complete, properly executed, and detailed supporting documentation as required.

- B.6. **Retention of Proposals:** All Proposals submitted become the sole property of ERS.

- B.7. **Public Information Act:** As reflected in greater detail below at I.B.22, ERS is required to provide access to certain information in accordance with the provisions of Chapter 552, Tex. Gov’t Code, the Texas Public Information Act (“PIA”), formerly known as the Texas Open Records Act.

- B.7.a. 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. ERS cannot prevent the disclosure of public documents. By execution of the signature pages, as further referenced in I.B.9.a. Auditor’s Privacy Officer warrants and represents that all public information in response to this RFP may be fully disclosed by ERS without liability and without prior notice or consent to the Auditor or any of the Auditor’s subcontractors.

- B.8. **Order of Proposal Materials:** The Auditor shall submit its Proposal with executed signature pages, as well as all Proposal materials in the order prescribed in the *RFP Deliverables Check List* located behind the *Table of Contents* contained in this RFP.

- B.9. **Signature Requirements:** The Chief Executive Officer or other authorized officer who is at a Vice President or higher level of the Auditor shall execute, in *blue ink*, the signature pages referenced as Appendix A, and the Contractual Agreement referenced in Appendix B, which are part of this RFP. The individual executing the Contractual Agreement, BAA and signature pages should be the same authorized person reflected in Article VII.A.7., and shall have full legal authority, on behalf of the Auditor, to execute a Contract that constitutes a valid, binding and legally enforceable agreement. Additional requirements regarding the management of Auditor’s RFP bid materials are outlined below in I.B.22.a. – I.B.22.d.

- B.9.a. Auditor's Privacy Officer and Security Compliance Officer shall execute the portion of the signature pages, *in blue ink*, that confirms that all information identified in the schedule reflected in I.B.22. and CD-ROMs required at I.B.22.a-d. below, as being either *confidential & proprietary* or *public information*. The individual executing the signature pages should be the same authorized person reflected in Article VII.C.1., and shall have full legal authority, on behalf of the Auditor, to execute a valid, binding and legally enforceable agreement. By executing this portion of the signature pages, Auditor's Privacy Officer warrants and represents that all such public information may be fully disclosed by ERS without liability and without prior notice to or consent by the Auditor or any of the Auditor's subcontractors.
- B.10. **Amendments and 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 Auditor that has expressed in writing an 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.
- B.11. **Reserved Rights:** ERS may determine that other factors may be considered important based on their review of an Auditor's responses to the RFP. ERS also reserves the right to reject any Proposal submitted that does not fully comply with the RFP's instructions and criteria, including, but not limited to minimum requirements as reflected herein at Article II.B.1. - B.7. Evaluation criteria are described elsewhere in this document.
- B.11.a. The Contract may be awarded to the Auditor that in the opinion of ERS, in the exercise of its sole discretion, is best qualified on the basis of offering to perform the specified services at best value to ERS, and based upon the Auditor's demonstrated competence and qualifications as indicated in its Proposal to this RFP.
- B.11.b. ERS reserves the right to reject any or all Proposals to the RFP. ERS is under no legal requirement to execute a Contract on the basis of this notice or any Proposal.
- B.11.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 an offer or Proposal. 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, or its Participants. Furthermore, the selected Auditor 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 in its discretion deems it to be in the best interest of ERS, the GBP, or its Participants.
- B.11.d. ERS and the selected Auditor shall enter into a Contract acceptable to ERS, which shall include, but not be limited to, the Contractual Agreement identified in Appendix B.

---

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

- B.11.e. **Audit Personnel Changes:** The experience and professional qualifications of the Audit Project personnel are critical elements to the awarding of the project; therefore, substitutions of or other changes in Auditor's assigned personnel, or the personnel of the Auditor's subcontractor(s), assigned during the term of this Contract shall require the prior approval of ERS' Executive Director. In any event, ERS may, in its discretion, at any time, request the removal or reassignment of Auditor's staff, or the staff of any subcontractor, in connection with Auditor's performance under the Contract.
- B.11.f. Auditor acknowledges that it is impossible or impractical to estimate certain damages with any degree of certainty. Therefore, the Auditor agrees that its failure to comply with the requirements of the Contract may subject the Auditor to the *performance guarantees* as reflected in Appendix E and/or the liquidated damages provisions of the Contractual Agreement.
- B.11.g. ERS reserves the right to modify, in its discretion, the scope and performance requirements of the Audit Project during this RFP process as well as for subsequent fiscal year audits.
- B.12. **Prohibited Interest:** Except as a Participant in the GBP, a Participant, 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 payment or emolument for any service performed for the Auditor.

In the case where a Board member or employee of ERS receives any payment from the Auditor for any services performed for the Auditor or for any gains or profits from any Contract executed by ERS pursuant to this RFP, ERS may terminate its relationship with the Auditor immediately, and ERS reserves the right to seek any legal, equitable or contractual relief to which it may be entitled. Under such circumstances, the Auditor shall complete any outstanding transactions with ERS as soon as possible. In its discretion, ERS may choose not to consider any future Proposals from the Auditor for at least two (2) full years thereafter concerning any plan or program in the GBP.

By submitting its Proposal, Auditor 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 ERS, the GBP, or its Participants. The Contract shall have additional requirements in this regard as specified in Appendix B.

- B.13. **Information and Data Security:** Auditor shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code ("TBCC") and information security standards as outlined in Title 1, Texas Administrative Code § 202. Further, Auditor shall comply with the forgoing regulations for the handling and use of personal identifying and sensitive personal information to mitigate the risk of identity theft, violation of privacy rights, and fraud as more fully outlined in Appendix D, *Data Security and Breach Notification*.
- B.13.a Auditor shall utilize proven methods of ensuring the control and security of GBP Participant and coverage information.

- B.14. **Execution of Contractual Agreement:** The Auditor is hereby notified that the execution of the Contractual Agreement is a preferred submission requirement of this RFP. ERS prefers that the Contractual Agreement be signed and returned without amendments or revisions with the Proposal submission. However, if an Auditor in good faith determines that it does not agree with any provision of the Contractual Agreement in the form provided by ERS with the RFP, Auditor may elect not to return an executed Contractual Agreement with its Proposal, and may instead submit deviations to the Contract Agreement's terms, which must be provided in accordance with Article VIII.7.a. of this RFP. Any such deviations will be considered by ERS, however, ERS shall not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with an Auditor based upon such deviations. To prevent any misunderstanding, while Auditor's Proposal will be evaluated if returned with deviations, such deviations may themselves form a basis for ERS to conclude that Auditor's Proposal will not be considered further beyond its initial evaluation. Any Auditor submitting a signed Contractual Agreement with the Auditor's Proposal shall have the Contractual Agreement executed, in *blue ink*, by the duly authorized officer of the Auditor as reflected in Article I.B.8.
- B.15. **Contract Term and Chronology of Responsibility:** The Contract and all its aspects shall be for a term beginning immediately upon execution of the Contractual Agreement by ERS.
- B.15.a. ERS and the Auditor shall also agree and acknowledge that there are duties and obligations specified by the Contract to be performed prior to the execution of the Contractual Agreement and following the expiration of the Contract term, and the parties each agree to perform all such duties and obligations, and all damage provisions included in the Contract shall thereby be in effect. Such prerequisites, duties and obligations include, but are not limited to the following:
- Selection by the Board is anticipated for the May 2010 meeting;
  - Execution of the Contractual Agreement 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 and other attachments, the Auditor's Proposal thereto as expressly accepted by ERS in writing and to the extent it does not conflict with terms of the Contractual Agreement executed by the parties;
  - ERS reserves the right to renew the Contract for additional periods subject to terms and conditions acceptable to ERS, unless ERS determines that rebidding is in the best interests of the GBP Participants and ERS;
  - The Auditor shall act in utmost good faith in connection with such Contract renewal process and shall provide on a timely basis all information requested by ERS in order to facilitate such negotiation of an extended agreement;
  - Any and all activities required by the Auditor to effectively implement the requirements of this Contract; and
  - Coordination and cooperation with other GBP vendors, if required.
- B.16. **Termination of Contract:** In the event that the Auditor fails or refuses to perform any of its obligations as provided by the Contract, ERS, without limiting any other rights or remedies it may have by statute, law, equity or under the Contract, shall have the right to terminate the Contract immediately. The Auditor understands and acknowledges that, notwithstanding any termination of the Contract, certain obligations of the Auditor shall survive the termination of the Contract. The

Contractual Agreement specifies in detail the survival of Auditor's obligations upon termination of the Contract.

B.17. **Contract Implementation:** Auditor shall submit with its Proposal to the RFP, for review and approval by ERS, a detailed proposed Implementation Plan, which shall include, without limitation, the following:

- A detailed compliance index in Excel format reflecting each RFP and Contract requirement and deliverable as specifically identified by document reference as reflected below in I.B.18
- A detailed description of the manner and sequence in which all work shall be performed;
- A detailed outline containing a description of all activities Auditor expects ERS to perform related to the Implementation Plan;
- Schedules of meetings between Auditor and ERS; and
- Scheduled updates and/or amendments to the Implementation Plan, at least weekly, to reflect mutually agreed-upon changes as additional work or modifications are defined.

B.17.a. Following selection of Auditor by the Board and upon ERS' execution of the Contractual Agreement, Auditor shall immediately staff an implementation team and name an implementation manager. The names, positions and qualifications of the implementation team shall be immediately communicated to ERS and in any event not more than fifteen (15) calendar days from the award of the Contract. The period of time beginning with the selection of the Auditor by ERS and upon ERS' execution of this Contract to the point at which the Auditor assumes full audit responsibility for the duties specified hereunder, such date being no later than June 1, 2010, and shall be known as the "Implementation Period." The implementation manager shall serve as ERS' primary contact throughout the Implementation Period, and shall have the authority to make binding decisions for the Auditor, and shall be readily accessible to ERS during the Implementation Period. The most current version of the Implementation Plan shall be attached to the Contractual Agreement as an Exhibit at the time of Contract execution and may be modified thereafter by written agreement of the parties.

B.17.b. During the Implementation Period, Auditor warrants, represents, and agrees to the following:

- That Auditor shall maintain appropriate, sufficient, and qualified staff, with requisite experience, expertise, technical capabilities and resources that are fully devoted to the Audit Project;
- ERS reserves the right to require the Auditor to add additional staff or remove staff from the implementation team;
- That Auditor shall not permit any current or prospective business, projects, relationships, or other matters to interfere in any manner with the smooth and timely implementation of the Audit Project;
- That Auditor shall manage all aspects identified during the Implementation Period and through the completion of the Audit Project in a timely manner and with ERS' approval;
- The Auditor understands and agrees that time is of the essence in the performance of this Contract and in the implementation of the Audit Project;
- ERS may immediately assess against the Auditor the agreed upon Liquidated Damages, and/or *performance guarantees* as referenced in Appendix E to this RFP, without prior notice, in the event the Auditor 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 Audit Project;

- All communication materials dealing with the implementation, including Participant communication materials, Call Center staff training materials, interactive voice response (“IVR”) system, and website design are subject to ERS’ review and approval before implementation;
- Auditor’s proposed implementation plan shall reflect adequate time for ERS staff to review and approve all Audit Project deliverables; and
- The Auditor shall successfully complete and/or implement all critical components identified in the selected Auditor’s implementation plan as required by ERS no later than the date specified by ERS post Contract award.

B.18. **Contract Compliance Index:** The Auditor shall document in Excel format, a project plan for implementation of the Audit Project (“Implementation Plan”). The document shall contain the following column headings:

- Row Number;
- Contract Deliverable;
- Performance Guarantee (Y/N);
- Contract Reference (some deliverables may be referenced in multiple documents);
- Appendix/Exhibit Reference;
- Due Date;
- Target Date (If no Contract due date); and
- Responsible Party.

B.18.a. The document shall contain the following major sections with individual Contractual Agreement and RFP deliverables listed in chronological order (if applicable) within each major section:

- I. Contract Award/Implementation Activities;
- II. Communication Materials Development;
- III. Customer Service/Call Center Unit;
- IV. Eligibility & Verification Activities;
- V. Training Activities;
- VI. Reporting Activities;
- VII. On-Going Eligibility Activities;
- VIII. Termination of Coverage(s);
- IX. Participant removal from GBP participation; and
- X. Optional Services as accepted by ERS (Auditor to add to Index as appropriate post Contract award).

B.19. **Implementation Plan:** As noted above in I.B.17., Auditor shall develop and include in its Proposal, a project plan reflecting timelines for each audit stage as specified in Article III of this RFP. ERS shall require Auditor to utilize exclusively only those implementation materials approved by ERS to guide and manage all implementation activities as deemed necessary by ERS in its discretion.

B.19.a. ERS and Auditor shall work collaboratively to agree to timelines for periodic status reviews of the Audit Project schedule. Unless such timelines are subsequently modified in writing by ERS and Auditor, failure by Auditor to adhere to such timelines may subject Auditor to a monetary assessment as outlined in the *performance guarantees* as reflected in Appendix E.

- B.20. **Payment Methodology:** The selected Auditor shall submit itemized payment invoices to ERS according to audit stages referenced in Article III.C. on a monthly basis that only include completed and accepted work. ERS will withhold 10% of the total audit amount each year from the first invoice submitted (“Retention”).
- B.20.a. ERS will make payment(s) within thirty (30) days from the date it receives a satisfactory and itemized invoice. ERS will not pay more than the agreed fees described in Article VI., and accepted by ERS.
- B.20.b. ERS reserves the right to validate any invoice submitted for payment, and shall have access to Auditor’s or subcontractor’s supporting documentation necessary to conduct this review, including, but not limited to personnel timesheets, expense reports, travel and subsistence receipts.
- B.20.c. If it is determined by ERS that the work and/or cost is less than the proposed fees, the selected Auditor agrees to adjust its fees accordingly.
- B.20.d. Final payment, including the Retention, will, for that audit year, be made when ERS approves a satisfactory final report for each fiscal year of the Contract.
- B.21. **Finalist Interview:** Following ERS’ initial review of the Proposals, if Auditor is selected as a finalist in the Auditor selection process, ERS may request that personnel from the Auditor, at the Auditor’s expense, attend a meeting at an ERS-designated location to clarify responses and to answer questions regarding Auditor’s Proposal. If ERS deems necessary, a site visit to the Auditor’s office may be conducted during the RFP review period at ERS’ expense.
- B.22. **Disclosure of Information:** In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal, in accordance with the PIA as reflected in I.B.7. and I.B.7.a. above,, the Auditor is required to supply a separate schedule of all pages, in good faith, and with legally sufficient justification, considered to contain any confidential and/or proprietary information, as more fully described in Article I.B.22.a.-d., below.
- B.22.a. By submitting a Proposal, the Auditor acknowledges and agrees that ERS shall have no liability to the Auditor 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 Auditor’s material to the Texas Attorney General, court, or to any other person or entity.
- B.22.b. Auditor further understands and agrees that upon ERS’ receipt of a PIA request for a copy of the Contract, including any exhibits thereto, the only documents that ERS shall treat as Auditor’s confidential and proprietary information shall be the documents Auditor identifies as required above.
- B.22.c. It is the Auditor’s sole obligation to advocate in good faith the confidential or proprietary nature of any information it provides in its Proposal, and the Auditor understands that the Texas Attorney General may nonetheless determine that all or part of the claimed confidential or proprietary information shall be publicly disclosed.
- B.22.d. In addition, the Auditor specifically agrees that ERS may release the Auditor’s entire Proposal, including alleged confidential or proprietary information, upon request from individual Participants, 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.23. **Confidential and/or Proprietary Schedule – Public Information Submission:** In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal, each Auditor submitting a Proposal to this RFP is required to supply two (2) sets of CD-ROMs containing full and complete copies of all information that the Auditor in good faith, and with sufficient legal justification considers to: (Set One) contain any confidential and/or proprietary information regarding all materials contained in the Auditor’s Proposal; and (Set Two) contain all public material contained in the Auditor’s Proposal. The documents reflected on the CD-ROMs shall correlate in order and by title to those reflected on the summary sheet required above in Article I.B.22.
- B.23.a. Additionally, **EACH** Auditor, excluding the selected Auditor, responding to this RFP shall provide to ERS no later than the fifth (5th) business day following Board selection, two (2) sets of CD-ROMs containing full and complete copies of any and all additional documents developed subsequent to the submission of the Auditor’s Proposal to ERS which the Auditor considers to be (Set One) confidential and/or proprietary and (Set Two) public.
- B.23.b. The selected Auditor shall provide to ERS no later than the fifth (5th) business day following final execution of the Contract, two (2) sets of CD-ROMs containing full and complete copies of any and all additional documents developed subsequent to the submission of the Auditor’s Proposal to ERS which the Auditor considers to be (Set One) confidential and/or proprietary and (Set Two) public.
- B.23.c. Upon ERS’ receipt of a PIA request which may include the materials submitted by the Auditor(s) responding to this RFP, and without notification to the Auditor(s), ERS will provide the requestor the information provided on the Auditor’s public CD-ROM(s) (Set Two) under the applicable provisions above.
- B.24. **Historically Underutilized Businesses (“HUB”):** ERS makes, subject to its fiduciary obligations, a good faith effort to assist HUBs in receiving agency Contract awards. Please provide the following information in Auditor’s Proposal:
- (a) If Auditor is certified as a Texas HUB, please provide the Texas Building and Procurement Commission VID/Certification Number.
  - (b) If the Contract is awarded and the winning Auditor plans to engage a subcontractor for all or any of the Contract services, please identify all proposed HUB and other subcontractors. The required forms with video instructions can be found at the following website:  
  
<http://www.window.state.tx.us/procurement/prog/hub/hub-forms/>
- B.25. **Subcontractors:** Any planned or proposed use of subcontractors by Auditor related to the management or access to GBP Participant data shall be clearly disclosed and documented in the Auditor’s Proposal and shall not be accepted until agreed to in writing prior to bid award by ERS. The Auditor 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.26. **Board Rules:** The Board has rulemaking authority in connection with the GBP pursuant to Chapter 1551, TIC, except where the Board Rules may conflict with state laws. Auditor shall be familiar with all such Board Rules as reflected in Appendix F. The Board Rules, located at Title 34, Part IV, Tex. Admin. Code, and any amendments adopted by the Board to said Board Rules, are a part of any Contract executed in accordance with this RFP process for all purposes as if they were contained verbatim therein. The Auditor should be familiar with all such Board Rules relevant to its performance under the Contract.
- B.27. **No Solicitation:** An approved Auditor shall not use, or otherwise disseminate, copy, or make available to any person or entity, lists of GBP Participants or employees or any other Participant data for any purpose outside the scope of this Contract, including, but not limited to soliciting any other insurance coverage, annuity products, or any other services or products, unless specifically approved in writing by ERS' authorized representatives in advance. This requirement shall survive the termination of the Contract. The Contractual Agreement has additional requirements in this regard.
- B.28. **ERS Actuary:** ERS retains a consulting actuary, Rudd & Wisdom, Inc., to advise ERS staff and management on insurance and other financial matters. The consulting actuary also assists and advises the ERS Board on benefit plan designs, application reviews, rating analysis, and certain audit-related activities as described herein. The ERS consulting insurance actuary, or its successor, may participate in the audit processes at ERS' discretion.
- B.29. **GBP Fiscal Year ("FY") or Plan Year ("PY"):** The fiscal year or plan year for the GBP begins September 1st and ends August 31st. GBP fiscal year shall be determinative for all Contract reporting requirements. The Contractual Agreement includes additional provisions regarding this issue.

## II. Proposal Evaluation Criteria

### A. General Evaluation Information

A.1. **Introduction:** 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 and advisors shall also be important in the selection process. The goal of the process will be to determine the Auditor that will provide the best value for the services proposed relative to those outlined in Article III, *Audit Guidelines*, as requested by ERS. The criteria include:

- Compliance with and adherence to the RFP and Contractual Agreement;
- Minimum requirements and preferred criteria as reflected below;
- Price Proposal;
- References; and
- Other factors, as determined during the evaluation review process.

A.2. 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 ERS, the GBP, or its Participants. Proposed deviations to the minimum requirements identified below shall not be considered and submission of such may disqualify Auditor's Proposal package. Failure to satisfy the mandatory minimum requirements will result in elimination from the evaluation process. The selected Auditor shall adhere to these requirements upon Contract award and throughout the term of the Contract. 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.

### B. Minimum Requirements

For each item identified below, indicate how your firm meets the following minimum requirements:

- B.1. Auditor's firm shall have a net worth of at least \$250,000 or demonstrate their inclusion in a parent or holding company's net worth, as demonstrated by an audited financial statement as of the close of the Auditor's most recent fiscal year.
- B.2. Auditor shall document its knowledge and existence as a business entity performing dependent eligibility auditing services for a minimum of four (4) years.
- B.3. Auditor's firm shall maintain its principal place of business in the United States of America and shall have a current valid certificate of authority to transact business in the state of Texas from the Secretary of State.
- B.4. Auditor shall have experience working with and/or extensive knowledge of public or governmental health plans, similar to those offered by ERS that are not subject to Employee Retirement Income Security Act of 1974 ("ERISA").

- B.5. Auditor shall have documented experience of providing dependent eligibility auditing services for at least two (2) employers with enrollment of at least 60,000 – 75,000 insured Dependent(s).
- B.6. Auditor (including any proposed subcontractors) shall have documented experience of direct operation of a Call Center and managing Call Center responsibilities for dependent eligibility auditing services for at least two (2) named organizations during the last two (2) years.
- B.7. Auditor shall have the capability to provide all reports and supporting documentation electronically and in CD-ROM format.

**C. Preferred Criteria**

For each item identified below, indicate how your firm meets the following preferred criteria:

- C.1. Auditor's firm should have a net worth of at least \$2 million or demonstrate their inclusion in a parent or holding company's net worth, as demonstrated by an audited financial statement as of the close of the Auditor's most recent fiscal year.
- C.2. Auditor should have provided dependent eligibility auditing services for a public employee benefit program with a minimum enrollment of 150,000 Dependents.
- C.3. Auditor should also have experience working with and extensive knowledge of applicable Texas laws and Federal regulations affecting the GBP.

### III. Audit Guidelines

- A. Information to be Provided to Auditor:** Following ERS' selection of a qualified Auditor to conduct dependent eligibility audits, the information reflected below will be provided to the Auditor's designee:
- A.1. ERS will provide a GBP early annual enrollment eligibility file in a secure file transfer protocol ("SFTP") format.
  - A.2. ERS will provide a GBP final annual enrollment eligibility file in SFTP format.
  - A.3. Good cause excuses reporting (i.e.: waived health but enrolled dental, surviving spouses, etc.) will be provided in a format and timeframe to be determined post Contract award.
  - A.4. Copies of Chapter 81 of the Board Rules.
  - A.5. Copies of Chapter 1551 of the TIC.
  - A.6. Other information as identified during the implementation process.

- B. Methodology and Scope of Services.** It is intended that the Auditor perform a full 100% audit of all Dependents covered under the GBP. The dependent eligibility audit, and any subsequent audits, shall be conducted in accordance with the requirements outlined in this RFP and other provisions of the Contract.

The scope of the dependent eligibility audit shall ensure that Dependents enrolled in the GBP programs meet the state of Texas statutory and administrative rule requirements for dependent eligibility.

Auditor shall provide administrative, customer service, legal, reporting, and technology support in performing all aspects of conducting the dependent eligibility audit. This may include, but not be limited to claims, recovery, and other related support services as outlined herein at no additional cost to ERS. The audit scope may be modified annually at ERS' discretion. Should an audit scope modification become necessary, Auditor shall work in good faith with ERS and present any recommended modifications to ERS no less than ninety (90) days prior to the commencement of any agreed modified audit activities.

- B.1. Prior to the start of an audit, Auditor shall provide for ERS' approval, an audit methodology outline describing the standards to be applied. The Auditor shall include, but not be limited to the following components in conducting this dependent eligibility audit:
- 1) Audit Project management, Audit Project plan development and timeline;
  - 2) Eligibility and verification of Dependent status;
    - i. Customer Service Call Center (Article V.A.);
    - ii. Written communications;
  - 3) Progress reporting on Audit Project deliverables (Article V.G);
  - 4) Recommendations regarding removal of ineligible Dependent(s) from coverage;

- 5) Management and support of the removal of ineligible Dependent(s) using ERS' established procedures;
  - 6) Recommend enrollment process enhancements to mitigate the continued enrollment of ineligible Dependent(s) who have been removed from the GBP;
  - 7) Seek recovery of claims paid improperly for ineligible Dependent(s) as directed by ERS; and
  - 8) Provide ongoing monthly dependent eligibility verifications.
- B.2. **Policy Interpretations:** Unless otherwise directed by ERS in writing, the Auditor shall not attempt to interpret statutes, regulations, plan documents, or policy materials. Rather, upon discovery of the issue in question, the Auditor shall refer all questions regarding interpretation to ERS' designated contact person within one (1) business day or as instructed by ERS.
- B.3. **Operational Meetings:** Auditor's operations account team shall participate in regular operation and customer service conference calls. Auditor shall be prepared to provide detailed agenda notes and minutes of all such meetings. Agendas shall be provided to ERS prior to scheduled meetings. A schedule of these meetings shall be provided by Benefit Contracts ("Ben. Con.") during the Implementation Period and no later than sixty (60) calendar days following Board selection. Frequency of meetings shall be held at ERS' discretion and will be announced post Contract award.
- B.4. The Auditor shall submit draft Call Center scripting and a policies and procedures manual to ERS for review with the Auditor's Proposal materials. All such materials will be reviewed and edited by ERS during the Implementation Period for immediate use beginning no later than September 1, 2010.
- B.4.a. **Policies and Procedures Manual and Call Center Scripting:** Prior to the start of the audit, the Auditor shall customize and implement a GBP-specific policies and procedures manual for employees and subcontractors performing work under this Contract. The Auditor's policies and procedures manual shall include but not be limited to the following:
1. Staff training and re-training process;
  2. Interview process;
  3. Complaints process;
  4. Process for batching and referring materials to ERS for review;
  5. Correspondence and other forms used to verify dependent eligibility;
  6. Returned mail process and follow-up protocol;
  7. Outbound contact process;
  8. Good cause excuses;
  9. Process to handle requests to extend Compliance Period time;
  10. Appeal process;
  11. Guidelines for providing assistance to Subscribers seeking information for eligibility documentation (i.e., Bureau of Vital statistics, IRS, Local County Seat);
  12. Timing and sequence of communications regarding dependent eligibility issues;
  13. Procedures for receiving and processing verification submissions;
  14. Procedures for submitting verifications to ERS in a format designated by ERS;
  15. Procedures to ensure access for Limited English Proficiency ("LEP") individuals;
  16. Procedures to ensure access for hearing impaired persons;
  17. Procedures for media, legislative and other inquiries; and
  18. Call Center quality criteria and protocols.

The Auditor shall include process flow diagrams or other illustrations of the process or procedures in question.

B.5. To assist the Auditor in performing its duties under this Contract, ERS will collaborate with the Auditor to develop:

- Procedures for removal of ineligible Dependent(s);
- Procedures for applying notice and response standards;
- Procedures for Dependent good cause excuses;
- Procedures and guidelines for making good cause excuses regarding the verification process;
- Procedures and guidelines for granting extension of time requests;
- Procedures for documentation sufficient to demonstrate Dependent status;
- Develop a GBP-specific questionnaire to resolve factual eligibility issues; and
- Procedures for seeking recovery of claims as directed by ERS.

B.6. The GBP enrollment below is reflected as of August 31, 2009.

	<b>Subscriber</b>	<b>Dependent(s)</b>	<b>Total Participants</b>
<b>State &amp; HED</b>			
Active	215,072	198,274	413,346
COBRA	1,734	612	2,346
Retirees	77,846	32,387	110,233
Nominees	3,915	187	4,102
Health – Opt Out	1,162		1,162
<b>Total</b>	<b>299,729</b>	<b>231,460</b>	<b>531,189</b>

B.7. Proposed key dates for the 100% dependent eligibility audit:

<b>Implementation Plan</b>	<b>Due to ERS (on or before)</b>
Implementation Plan and timetable procedures for processing and review of Subscriber submissions, including requests for time extensions, good cause excuses, and appeals	With RFP Proposal
Auditor and ERS stakeholder entrance meeting	June 2010
Personal enrollment statements mailed by ERS to GBP Subscribers	July 2010
GBP early annual enrollment eligibility file to Auditor	August 2010
<b>Begin dependent eligibility verification</b>	August 2010
ERS eligibility file vetted by Auditor to identify GBP Subscribers requiring dependent eligibility review verification	August 2010
First letter/mailing to Subscribers; Compliance Period begins (during which time Auditor shall mail reminder notices, etc.)	September 1, 2010
Second letter/mailing to Subscribers; (during which time Auditor shall mail reminder notices, etc.)	October 1, 2010
Third letter/mailing warning of ERS' determination of GBP benefits removal	November 1, 2010
Compliance Period ends unless otherwise directed by ERS	November 30, 2010 @ midnight
Appeal requests received and processed by Auditor	September – December 31, 2010
Audit of all dependent records from annual enrollment early file completed	December 31, 2010

B.7.a. Auditor shall ensure that all eligibility disputes have begun notice and response administration, prior to presenting a final draft report as approved by ERS.

B.7.b. Claims recovery efforts may necessitate that the Auditor coordinate with the appropriate government agencies, GBP vendors, and other contracted business vendors as deemed necessary by ERS.

**C. Staging of Contract Deliverables:** Business deliverables are grouped into stages to facilitate contract monitoring and payment for services.

C.1. ERS will measure the Auditor's performance relative to each stage of each deliverable, as follows:

- Stage #1: Engagement, Orientation, and Audit Plan
- Execution of confidentiality agreements with the GBP's Administering Firms, if required;
  - Orientation and general understanding of the GBP's eligibility requirements and notice and response procedures;
  - Develop returned mail process and follow-up protocols;
  - Development and approval of Audit Project and timeline;
  - Development and acceptance of policies and procedures manual and Call Center scripting;
  - GBP approval of communication materials;
  - First (1<sup>st</sup>) letter/ mailing to Subscribers – approximately, September 1, 2010; and
  - Call Center go live.

- Stage #2: Field Work
- Detailed eligibility and verification process;
  - Initiate notice and response activities;
  - Second (2<sup>nd</sup>) letter/ mailing to Subscribers - approximately, October 1, 2010;
  - Apply returned mail process;
  - Status reporting, etc. (return mail, weekly termination report, coverage continuation report, problem identification);

- Stage #3: Follow-up Field Work
- Compare early annual enrollment eligibility file to final annual enrollment eligibility file;
  - Third (3<sup>rd</sup>) letter/ mailing to Subscribers (determination letter to remove ineligible Dependent(s), “determination letter.”) – approximately, November 1, 2010;
  - Apply returned mail process;
  - Reporting to ERS of recommended terminated Participants, by classes; and
  - Status reporting, etc. (return mail, weekly termination report, coverage continuation report, problem identification).

- Stage #4: Submission of comprehensive final report and presentation(s) of findings and recommendations
- Final report and recommendations shall include a presentation to ERS – approximately January 11, 2011; and
  - ERS written acceptance of final report.

C.1.a. The stages of delivery specified above in Article III.C.1. applies to the services described in Article V. *Operational Specifications* and shall not be considered complete until deemed complete by ERS in its discretion.

C.2. ERS may withhold payment for ANY stage of any Audit Project deliverable determined by ERS to be incomplete, unsatisfactory, or untimely. For additional information on the timing of payment for deliverables, refer to Article I.B.18.

C.3. The stages of deliverables and their respective components specified in this section are subject to change based on the details of the Auditor's proposed project/audit plan, as approved by ERS.

**D. Project Management:** Auditor shall provide in their Proposal to this RFP, the following basic project management support services to include, but not be limited to:

D.1. In coordination with ERS, Auditor shall provide information, resources and methods to notify GBP Participants of the upcoming Audit Project.

D.1.a. A comprehensive Microsoft schedule describing details for meeting the proposed deliverables, including, but not limited to: process, methods, milestones, assumptions, timeframes, and contingency plan.

**E. Eligibility and Verification:** Auditor shall provide, but not be limited to supplying the minimum following services in support of the 100% dependent eligibility audit objectives:

E.1. Audit the GBP's dependent population for compliance with the state of Texas' definition of eligible Dependent as defined in Chapter 81 of the Tex. Admin. Code and Chapter 1551, TIC. See Appendices F and G.

E.1.a. Auditor shall exhaust all external sources to verify eligibility before requiring Subscribers and their adult Dependent(s) to provide proof.

E.1.b. Where necessary, Auditor shall request releases authorizing Auditor to obtain vital statistical records, tax transcripts, or other third party materials to verify eligibility.

E.1.c. The Auditor shall review and process all Subscriber submissions and, where applicable, mail incomplete notices, determination letters, or other applicable notices, within four (4) business days of receipt of Subscriber submission. The Auditor shall use the list of acceptable documentation and criteria for good cause excuses as the basis for reviewing Subscriber submissions.

E.1.d. Unless otherwise directed by ERS, the Auditor shall review the Subscriber's submission for completeness to ensure that the Dependent(s):  
i. Meets one (1) of the categories of definition of Dependents;  
ii. Has enclosed the necessary documentation to demonstrate dependent status (i.e., copy of federal tax return/marriage license/divorce decree, affidavit acknowledging the marriage of both spouses, birth certificate, or court-approved adoption papers, etc.); or  
iii. Has acknowledged the Dependent does not meet dependent status and requested removal from eligibility.

E.1.e. Prior to making a recommendation to ERS to terminate an enrolled dependent's coverage, the Auditor and its attorneys and staff shall use all reasonable means and best efforts to establish conclusive facts regarding eligibility.

E.1.f. Where facts show an enrolled Dependent is not eligible and the facts are not reasonably subject to dispute, the terminated Dependent shall not be entitled to an administrative appeal.

E.1.g. Where a Subscriber or adult Dependent has failed to respond to Auditor's written inquiries, Auditor shall use reasonable means to determine the addressee's current contact information and resend the communication if a new address is found. If there is no new address or phone numbers, Auditor shall make at least three (3) attempts to

contact the Subscriber or adult Dependent by phone prior to concluding the inquiry and recommending termination.

**F. Legal Notice and Response:** Auditor shall, subject to its participation, and subject to ERS' statutes, rules and direction, defend Subscriber appeals that arise from the result of eligibility verification. Auditor shall make maximum use of the summary disposition process available during the State Office of Administrative Hearings ("SOAH") proceedings. The processes reflected below shall be conducted by the Auditor but not be limited to the following:

- Provide, as necessary, one or more dedicated licensed attorney(s) in good standing with the State Bar of Texas with familiarity and experience before SOAH. The attorney(s) shall represent Auditor in the appeals and shall be primarily responsible for defending the appeal.
- Provide an experienced legal support team dedicated exclusively to managing legal matters related to the GBP eligibility Rules, requirements, and activities.
- Coordinate with ERS attorneys in appeals regarding termination of Dependent(s) from the GBP.
- If feasible, Auditor shall complete each appeal within one (1) year of the GBP Subscriber's appeal submission by having it heard by a SOAH judge or by an ERS Hearing Examiner within twelve (12) months of the notice of appeal date.
- Prior to termination of a Dependent's eligibility, Auditor shall provide each Participant or adult Dependent a GBP-specific questionnaire to resolve factual issues related to eligibility verification.

F.1. Auditor shall be primarily responsible for defending the appeals, including, but not limited to handling:

- The discovery process;
- Drafting of pleadings and motions;
- Obtaining additional legal counsel;
- Presenting evidence, arguments and objections; and
- Should an adverse finding against ERS in a SOAH hearing be rendered, Auditor shall immediately report to ERS of SOAH's Proposal for Decision ("PFD").

ERS will execute all determination letters and appear at final SOAH or state court proceedings.

**G. Communication:** Auditor shall provide in their Proposal to this RFP the following sample GBP-specific communication materials to include, but not be limited to the following:

G.1. Sample standard types of communications to be used to:

- Notify employees of the Audit Project; and
- Forms to be used during the Audit Project.

G.1.a. Conform Auditor communications to reflect GBP-specific content.

G.1.b. Provide GBP-specific website.

G.1.c. Manage the communications associated with eligibility notice and response activities. ERS may require Auditor to revise any or all communications materials.

**H. Reporting:** Auditor shall provide reports that measure the efficiency, effectiveness, and adherence to the Audit Project. Specifics regarding reporting frequency and data content will be provided to Auditor post Contract award. All reports provided by the Auditor 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 *Audit Price Proposal*. However, at a minimum, the following required reports will include, but not be limited to:

- a. Verification Status Summary Report – number of letters mailed, number of responders, number of complete documentation sets received, number of incomplete documentation sets received, number of non-responders, number of returned pieces of mail.
- b. Call Center statistics.
- c. Bi-weekly Management Summary Report – progress and milestones met.
- d. Master File of Final Eligibility Status Determination Detail Report – Subscriber information, Dependent information, eligibility confirmed, and eligibility not confirmed.
- e. Appeals Report – number of appeals, number accepted, and number rejected.
  - SOAH outcomes.
- f. File of all Imaged Eligibility Documentation – received and Subscriber correspondence.
- g. Performance Guarantee Report – summarizes Auditor’s compliance with all Contract guarantees.
- h. Ad Hoc Reports at ERS’ request.
- i. Final Project Report – summarizes Audit Project outcome and suggestions to improve the GBP’s management of Dependent eligibility and cost savings. The Final Report shall include, at a minimum:
  - Objectives of the audit;
  - Procedures taken to complete the audit;
  - Number of Subscriber records examined by Dependent type;
  - Comparison of audit results to industry standards;
  - A description of the errors found during the review;
  - Recommendations to improve overall administration and Participant processing accuracy and training of human resources personnel; and
  - Recommendations to the GBP for possible claims recovery procedures.

**H.1. Production of Final Report:** Upon ERS’ written approval of the final report and executive summary, Auditor shall provide ERS with ten (10) identical 3-ring binders (“final report binders”), containing:

- Table of Contents;
- Executive summary;
- Individual “topic specific” audit reports; and
- Exhibits necessary to illustrate the Audit Project results.

**H.1.a.** Auditor shall also provide ERS with one (1) CD-ROM containing a searchable electronic version of all documents included in the final report binders, and any other relevant documents.

## IV. Communication Requirements

This Article describes the Auditor's requirements in communicating with Participants, BCs, and ERS staff. The Auditor shall conduct the audit in a manner consistent with applicable state and federal statutory law, regulations and ERS Rules, and at the direction of the Board, ERS' Executive Director, and ERS' staff. The cost of the requirements described in this article shall be recovered by the Auditor only by making provision for such expenses in Article VI. *Audit Price Proposal*.

**Auditor communication materials designed for GBP Participants cannot, and the Auditor represents and warrants that it shall not, advertise or promote services, products, or materials other than as prior approved by ERS in writing. Review and prior approval of ALL GBP communication material, to include, audience, design and content, shall follow a formal process that requires ERS' documented authorization. In all cases, the Auditor shall not disseminate materials or information without prior written ERS approval. The final materials used by the Auditor shall not differ in form or use from those approved by ERS.**

### A. General Information

- A.1. Costs associated with required communication functions described in this RFP, including, but not limited to start-up costs, may be recovered only by making provision for such costs in Article VI, *Audit Price Proposal*.
- A.2. **Auditor Contacts:** No later than the fifteenth (15th) calendar day following Board selection, the Auditor shall provide to the Project Manager, or designee, a thorough listing of the Auditor account team representatives assigned to support the Audit Project Contract. The list shall identify a "team lead" responsible for the coordination and maintenance of the business relationship and continuity of services pertaining to all business matters in support of the Contract.
- A.2.a. **Account Team:** The Auditor account team representative list shall reflect key contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each Auditor account team representative. The Auditor shall ensure a smooth transition in the event of a change in Auditing team members and support personnel to ensure complete continuity, without exception, of all ERS communication processes and requirements as follows:
- Auditor shall have a core team dedicated to conducting the Audit Project with a dedicated team lead and designated back-up team lead. This core team shall consist of, but will not be limited to, the following:
    - Audit Project team lead: Dedicated, and at minimum, support from an additional four (4) designated team representatives as reflected below;
    - administration coordinator;
    - Call Center operations supervisor; and
    - Communication coordinator.
  - Auditor shall provide in their Proposal materials a general account team profile, as well as individual resume summaries for each of the proposed core team representatives and leaders for ERS' consideration and final approval.
  - Auditor shall inform, via email notification, the Ben. Con. Contract Manager, or designee, in advance of any planned periods of unavailability by the account's team lead.

- In any instance where an account team lead is not available to ERS, the Auditor shall immediately secure and provide details of alternate coverage sufficient to meet ERS expectations.
- All account and implementation team modifications require ERS pre-approval in writing.

- A.2.b. **Implementation Team:** The selected Auditor shall provide an implementation team to coordinate and expedite all Contract requirements as outlined and prioritized by the Project Manager, or designee, to ensure complete continuity, without exception, of all Audit Project functions, deliverables, and objectives prior to and during the Contract's performance. At a minimum, the implementation team shall have a designated team lead and back-up team lead with availability to ERS staff throughout the Implementation Period. Should additional team members become necessary to support implementation functions, Auditor shall designate such appropriate staff at ERS' direction. Auditor shall provide with its Proposal brief summary resumes of the proposed implementation team's points of contact for ERS' consideration and approval. ERS will confirm acceptance of the implementation team on or before the thirtieth (30<sup>th</sup>) calendar day following Board selection. This acceptance will be sent via email from the Project Manager. At this time, Auditor shall provide the Project Manager, or designee, with contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each implementation team representative.
- A.3. **Auditor Training Requirements:** The Auditor's account team shall be responsible for providing training, at ERS' request, to ERS staff and to BCs. Such training shall explain the Audit Project operations. Initially, Auditor shall be required to provide a series of on-site training sessions for ERS staff not to exceed fifteen (15) three-hour (3) sessions. Training related to Auditor's internal operations shall be provided to ERS Customer Benefits, Legal Services, and Ben. Con. staff upon ERS' request. Staff training shall occur randomly throughout the year based on changes to operations or as ERS determines necessary.
- A.4. **Plain Language Requirement:** ERS requires all Auditors 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 Audit Project. Communication to Participants in the audit process shall be clear and understandable, using terminology familiar to Participants, customized, as required by ERS, and reviewed and approved by ERS prior to dissemination. All printed material shall be available electronically. All Auditor communication materials shall meet Americans with Disabilities Act ("ADA") requirements for accessibility.
- A.5. **Professional Standards:** The Auditor shall distribute Participant materials that are culturally sensitive and professional in content, appearance, and design.
- A.6. **Formatting Standards:** The Auditor shall, to the extent practicable, use reasonably large and legible fonts in its Participant materials. Additionally, the Auditor shall make maximum use of graphics to communicate key messages to Participants with limited literacy or LEP. The Auditor shall also prominently display its Call Center's GBP-specific telephone number and email address in large, bolded typeface and hours of operation on all outreach materials.
- A.7. **Reading Level:** The Auditor shall, if feasible, design all printed outreach at the 5th grade reading level or lower using the Flesch-Kincaid Index or other suitable metric approved by ERS in writing. The Auditor shall evaluate materials using the entire

text of the materials (except return addresses). When submitting draft materials to ERS for approval, the Auditor shall provide a certification of the reading level for each piece of material.

- A.8. **Return Address and Endorsements:** Except as otherwise specified, the Auditor shall ensure that the U.S. Postal Service returns all undeliverable mail and mail forwarding information to the Auditor, not to ERS. Unless otherwise indicated in this Contract, the Auditor shall use the “Address Service Requested” endorsement as described in Section 507.1.5 of the U.S. Postal Service’s Domestic Mail Manual (“DMM”) for all mailing materials.
- A.9. **Certified Mailings:** Notwithstanding this general requirement, the Auditor shall use the Certified Mail and regular mail service as described in Section 503.3.0 of the DMM when mailing determination letters.
- A.10. **Audit Process Communication Materials:** Auditors may be requested by ERS to create selected GBP-specific communication pieces in both English and Spanish to include, but not be limited to:
- First notice;
  - Incomplete notice;
  - Reminder notice(s);
  - Determination letter;
  - Approval notice;
  - Good cause excuses notice;
  - Extension of time notice;
  - Appeal notice;
  - GBP-specific eligibility questionnaire;
  - Post-determination letter notice;
  - Notice of address change instructions;
  - “Blast” emails;
  - Frequently asked questions (“FAQs”);
  - Reference materials for BCs;
  - Interactive voice response (“IVR”) scripting;
  - Out-bound scripting; and
  - Educational/training materials.
- A.11. **Communication Material Management Protocols:** Prior approval of any and all materials shall follow a formal process, and requires ERS’ written approval. At all times, the Auditor shall provide the material to ERS at least thirty (30) calendar days before approval is required to allow sufficient time for this review, comment, and agency approval process. Auditor shall not disseminate any material without prior ERS approval or pressure ERS to advance the timeline as provided herein.
- A.11.a. **Standardized Communication Materials:** Auditor shall provide to ERS’ Communications Manager or designee, 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 Audit Project. The Auditor shall provide electronic templates of all proposed final and GBP-specific customized materials in a format that ERS can easily alter, edit, revise, and update. The Auditor shall also update printed and electronic versions of the FAQs on a recurring basis as of April 1st and November 1st of each Plan Year, and Auditor shall produce corrected versions of the individual materials at ERS’ direction.

- A.11.b. **Communication/Marketing Material Review Process:** Communication materials may be considered “approved” when a final “printer’s proof” is delivered to ERS’ Communication Specialist in the Ben. Con. division, or designee, and is accepted by ERS in writing. The following review and material approval process shall be followed for all communication materials:
- Auditor supplies the Communication Specialist, or designee, with materials for review.
  - The Communication Specialist, or designee, forwards the materials to the ERS communications team for review and edits by the relevant ERS staff.
  - The ERS communications team shall return all edits to the Communication Specialist, or designee.
  - The Communication Specialist, or designee, will return edited materials to the Auditor for conformation of all ERS edits.
  - Auditor resubmits the edited materials to the Communication Specialist, or designee, for a second/final review.
  - The Communication Specialist, or designee, forwards the materials to the ERS communication team for a second/final review, if deemed necessary.
  - The ERS communications team shall provide any additional edits and final sign-off to the Communication Specialist, or designee.
  - The Communication Specialist, or designee, shall forward any additional edits to the Auditor to conform.
  - Auditor resubmits the final mock-up of materials to the Communication Specialist, or designee, for ERS review and final approval.
  - The Communication Specialist, or designee, shall provide the Auditor with authorization to produce final materials as instructed via email or fax.
  - Auditor shall provide copies of all final and approved materials in the “printer’s proof” version for the Communication Specialist’s, or designee’s, file.

- A.12. **Requests for Information from Auditor:** As the Auditor for the Audit Project, Auditor may receive numerous inquiries from interested third parties relating to Auditor’s Audit Project and their subsequent program involvement. Auditor shall notify the Ben. Con. Contract Manager, or designee, immediately in writing of any such inquiries. Any Proposal or material responding to such an inquiry shall be submitted to the Communication Specialist, or designee, for approval prior to its dissemination by the Auditor. The Contract contains additional requirements in this regard.

- A.13. **Quality Control:** All Auditors shall ensure that all materials submitted to ERS will reflect quality production, accuracy, timeliness, and thorough review. All approved documents, required reports (to include all *ad hoc* reports), and dated materials shall at the minimum, reflect the following criteria:
- Appropriate GBP Plan Year;
  - Accurate data related exclusively to the dependent eligibility audit process, unless otherwise specified by ERS; and
  - Contain GBP-specific language.

All such materials shall be provided within the required time lines as directed by ERS staff and/or its consultants and may not be released to outside sources without prior ERS consent. Auditor’s failure to adhere to communication approval processes or quality production standards may result in ERS levying *performance guarantees* as reflected in Appendix E.

## **B. Materials Development**

- B.1. **Rights of Use and Legal Clearances:** The Auditor shall have the exclusive responsibility to write, edit, and arrange for clearance of materials (such as securing all legal rights and full time use of a stock photograph used in brochures for perpetuity) for any and all materials contemplated under this Contract.
- B.2. **General Prohibition on Logos:** Unless approved in advance and in writing by ERS, the Auditor may not place an identifying brand, logo, or trademark on any materials produced by the Auditor for use in the course of the Contract.

## **C. Benefits Coordinator Training**

- C.1. **Primary Agency Contacts:** The primary contact for actively employed Participants is through a BC. There are approximately two hundred thirty (230) agencies of the State and institutions of higher education. Currently the BC's primary responsibilities include program information, enrollment, contribution change activity, and payroll interface.
- C.1.a. **Reference Materials for BCs:** The Auditor shall develop brief reference materials for use by front-line staff, including but not limited to BCs who work directly with Participants. These materials shall address the following matters and include but not be limited to:
- The types of individuals whom the GBP considers to be "Dependent(s)";
  - The availability of continued coverage for all Dependent(s);
  - The types of documentation that satisfy the verification requirements;
  - The availability of assistance from the Auditor (with GBP-specific toll-free number and email address posted on each page/slide);
  - The Compliance Period, including the scheduled removal date for Dependent(s) for whom the Auditor does not receive adequate eligibility verification;
  - The Subscriber's ability to seek good cause for failure to claim Dependent(s) on prior tax returns, a good cause extension of the Compliance Period, and an appeal of any removal;
  - Availability of other coverage through state and federally funded programs; and
  - Examples of different eligibility scenarios.

The materials shall also provide practical, illustrative information in the form of comparison charts, checklists, examples, or FAQs/questions and answers to help the Participants with the verification process.

The Auditor shall be responsible for maintaining and updating the GBP-specific educational/training material as required by ERS.

## **D. Communication Materials**

- D.1. **Printed Materials:** Sample GBP-specific copies of all proposed communication materials, including Participant communication and general information pieces, and BC educational/training materials (in both print and electronic format), shall be included in one (1) packet of materials in response to this RFP. The packet shall be labeled "Proposed Audit Project Communication Materials - Printed". Any cost for these materials shall be included as a part of the Auditor's proposed fees. ERS shall,

in its discretion, retain the right to change or modify such material to accommodate ERS' and/or the Audit Project's specific needs.

D.1.a. Auditor shall communicate the auditing process and modifications to GBP Participants as required by ERS.

D.2. **Participant Communication Materials**

D.2.a. **Correspondence**

D.2.a.i. **General Requirements:** The Auditor shall develop, produce and user-test all correspondence to Subscribers (including but not limited to the notices described below) regarding the dependent eligibility verification effort. Each notice shall list all Dependent(s) (by name, date of birth and social security number under the respective Subscriber subject to the dependent eligibility process.

For Subscribers with multiple Dependents, each notice listed below shall be individually addressed to the Subscriber and clearly state which Dependent(s) are subject to the notice and include a status update (e.g. first notice, applicable coverage removed, incomplete submission, or reflect a dependent eligibility approved) for all Dependent(s) (by name, date of birth, and applicable social security number).

D.2.a.ii. **Employee Identification ("ID") Number:** Current Participant enrollment reporting is based on an ERS Employee Identification Number. Auditor's system shall have the capability to manage an eleven (11) digit number in its reporting system. Auditor shall be required to utilize the ERS system generated ID number in ALL correspondence and cross-reference with social security numbers for corresponding Dependent(s) identification and reference. ERS collects social security numbers for dependent(s) over the age of one (1) year.

D.2.a.iii. **First Notice:** The Auditor shall develop a first notice template for all Subscribers who are subject to the dependent eligibility verification. This notice shall briefly explain the need for the Subscriber to verify the status of his/her Dependent(s) in order to continue their coverage. The notice shall be individually-addressed to the Subscriber and shall list all Dependent(s) (by name, date of birth, and social security number) for whom verification is required. The first notice shall clearly state the deadline for the Compliance Period and briefly describe the process for seeking a good cause excuse or extension of the Compliance Period for failure to claim Dependent(s) on the prior year's tax return.

D.2.a.iv. **Incomplete Notice:** The Auditor shall develop a one-page incomplete notice template for Subscribers who responded to the initial request for verifications but who did not submit acceptable verifications for all Dependent(s). The notice shall be individually-addressed to the Subscriber and shall list those Dependent(s) (by name, date of birth, and social security number) for whom verification remains outstanding. The incomplete notice shall clearly state the deadline for the Compliance Period, describe why any previously submitted documentation was found unacceptable, and briefly describe the process for seeking a good cause extension of the Compliance Period for failure to claim Dependent(s) on the prior year's tax return. If applicable, the notice shall also list any other Dependent(s) (by name, date of birth, and social security number) for whom acceptable verification has been received.

- D.2.a.v. **Reminder Notice(s):** The Auditor shall develop a one-page reminder notice template for Subscribers who have not responded to the first notice within thirty (30) days after the first notice is mailed. The notice shall be individually-addressed to the Subscriber and shall list those Dependent(s) (by name, date of birth, and social security number) for whom verification remains outstanding. The reminder notice shall clearly state the deadline for the Compliance Period and briefly describe the process for seeking a good cause extension of the Compliance Period for failure to claim Dependent(s) on the prior year's tax return.
- D.2.a.vi. **Determination Letter:** The Auditor shall develop a determination letter template to be used by ERS for Subscribers who failed to provide acceptable verifications for Dependent(s) within the Compliance Period. The notice shall be individually-addressed to the Subscriber, list those Dependent(s) (by name, date of birth, and social security number) for whom verification was not proven during the Compliance Period, and specify the effective date of removal. The determination letter shall describe why any previously submitted documentation was found unacceptable, and also include a brief description of the right to appeal. The determination letter shall list all of the Subscriber's Dependent(s) (by name, date of birth, and social security number) and provide an update on each dependent's eligibility verification status (e.g. coverage removed, incomplete submission, or dependent eligibility approved).
- D.2.a.vii. **Approval Notice:** The Auditor shall develop an approval notice template for Subscribers who provided acceptable Dependent status documentation to Auditor. The notice shall be individually-addressed to the Subscriber and shall list all of the Subscribers 's Dependent(s) (by name, date of birth, and social security number) and provide an update on the dependent eligibility verification status of each (e.g. coverage removed, incomplete submission, or dependent eligibility approved).
- D.2.a.viii. **Extension of Time Notice:** The Auditor shall develop an extension of time notice for Subscribers who request, in writing, additional time to produce acceptable dependent eligibility documentation. The notice shall clearly state the amount of additional time, if any, provided to the Subscriber to produce the necessary documents. The notice shall be individually-addressed to the Subscriber and shall list those Dependent(s) (by name, date of birth, and social security number) for whom additional time was requested. The extension of time notice shall list all of the Subscriber's Dependent(s) (by name, date of birth, and social security number) and provide an update on the dependent eligibility verification of each status (e.g. coverage removed, incomplete submission, or dependent eligibility approved).
- D.2.a.ix. **Post-Removal Materials:** The Auditor shall develop brief post-removal materials to assist Subscribers in securing alternative health care coverage for previously GBP-covered Participants. These materials shall be individually addressed to the Subscriber and shall include a copy of the associated dependant eligibility verification determination letter. Such communication information shall also be available upon request through the Call Center and online through the Auditor's GBP-specific website. These materials shall include, but may not be limited to the following:
- D.2.a.x.1. A brief description of alternate coverage options for:
- Pregnant women and children under age 25;
  - Persons who are age 65+ or permanently disabled Supplemental Security Income ("SSI");
  - Other uninsured adults; and
  - COBRA (if Dependent(s) lost coverage due to change in the legal standard); and
  - Examples and contact information for any uninsured and/or State and Federally

Funded programs that may assist the Subscriber in securing free and/or discounted health, pharmacy, dental and/or disability insurance coverage(s) for any removed Participants.

- D.2.a.xi. **Notice of Address Change Instructions:** The Auditor shall develop a notice of address change instructions to Subscribers: (a) who report a change-of-address; and/or (b) for whom the United States Postal Service reports a new or forwarding address. Unless otherwise specified by ERS, this notice shall explain to Subscribers that they need to contact ERS' Benefits Administration Service Center to update their address information.
- D.2.a.xii. **"Blast" Emails:** The Auditor shall create text for mass-distribution ("blast") emails to Subscribers about the dependent eligibility verification process, including the importance of responding to notices until such time as Dependent(s) receive either an approval letter or a determination letter.
- D.3. **Educational Materials**
- D.3.a. **Frequently Asked Questions:** In conjunction with ERS, the Auditor shall develop a list of FAQs and reflect accurate responses relative to the GBP. The Auditor shall update the FAQs on a frequent basis to reflect repetitive questions posed by Subscribers or BCs as submitted to the Auditor.
- D.4. **Post-Removal Outbound Contacts General Requirements:** The Auditor shall, through its Call Center, provide outreach and assistance to Subscribers who had a Dependent(s) who lost coverage during the Audit Project or through an on-going audit process managed by the Auditor.
- D.4.a. **Procedures:** The Auditor shall develop procedures and scripts for conducting outbound contacts. The Auditor shall submit these materials to ERS' Communications Specialist or designee, for review and approval. Once approved by ERS, the Auditor shall incorporate these procedures in the Call Center scripting described in Section V.E.2.
- D.5. **Auditor Test Website:** Information regarding Auditor's proposed test website shall be submitted on a CD-ROM along with an ACTIVE URL address with this RFP. Instructions on how to access the Auditor's test site and printed screen shots for all proposed website screen views (No PDF documents will be accepted) are required for submission with Auditor's response. The Auditor's test website shall be in final form and linked as required by ERS no later than the last business day of May 2010.
- D.5.a. **Test Website Approval:** No later than the last business day of June of each year, the Ben. Con. Communication Specialist, or designee, shall provide email consent to the Auditor that will approve the linkage of the test website to: [www.ers.state.tx.us](http://www.ers.state.tx.us).
- D.5.b. The final approved Auditor website shall provide real-time data related to a Participant's eligibility and/or document review status. Participants shall be capable of obtaining the same information using the website as they would if they were to contact the Auditor's customer service representative.

- D.6. **Auditor's Website Home Page:** The Auditor's website home page shall include, but not be limited to the following primary access links:
- Home Page;
  - GBP Eligibility Rules;
  - BC Online Portal;
  - Privacy Statement;
  - Personal Eligibility Information;
  - Forms; and
  - Resource Center.
- D.6.a. The Auditor's website shall provide self-service transactions for BCs and Participants that shall include but not be limited to the ability to:
- Lodge a service complaint, and escalate unresolved complaints and to request a telephone call back within one (1) business day;
  - Communicate with customer service representatives;
  - Search the full website using a key word and/or phrase; and
  - Provide a "return to home" button, which returns the viewer to the ERS Plan Year home page.
- D.7. **Auditor's Website Technical Specifications:** Auditor shall adhere to all website access, format, content, and technical requirements outlined in both the ADA and Section 508 of the Rehabilitation Act ("Section 508") in order to accommodate the needs of all individuals accessing information.
- D.7.a. **Accessibility:** Auditor 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 its 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 website 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 shall require prior written approval by ERS.
- D.7.b. To validate Auditor's Section 508 compliance, Auditor shall provide a report in responding to this RFP evidencing its organization's Section 508, Level 1, compliance.
- D.7.c **ERS Internet Specifications:** In addition to ADA and Section 508 requirements, all Auditors shall adhere to the following website guidelines:
- The Auditor's web page must be compatible with a wide spectrum of web browsers, including, but not limited to: Microsoft Internet Explorer IE 8 SP 1 ("Service Pack"), Netscape 9, Mozilla Firefox 3.6, and Safari 4;
  - If providing an Auditor 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 Auditor's specific home page;
  - Reflect the ERS logo or appropriate branding on the Auditor's specific home page as specified by ERS for each GBP Plan Year;
  - Create text for all links used that makes sense when read out of context. For example, avoid "click here";

- Auditor shall support Single Sign-On (“SSO”) capabilities for security access;
- Auditor shall maintain a 128-bit encryption (versus the less-secure 40-bit encryption) standard; and
- Each page of the Auditor’s website shall have a link back to the GBP-specific home page.

## V. Operational Specifications

**General Requirements.** The Auditor shall provide and maintain qualified personnel and staffing to provide the deliverables and services in accordance with the Contract. The Auditor shall ensure that all persons, including subcontractors and consultants assigned by Auditor to perform under the Contract, shall be employees or formal Agents of the Auditor and shall have the credentials necessary (i.e., licensed and bonded, as required) to perform the work required herein. In addition, the Auditor shall ensure that all persons specified in the Auditor's Proposal and the Contract to perform work shall be fully qualified, as required in the RFP. The Auditor shall include a similar provision in any Contract with any subcontractor selected to perform work hereunder.

For the purpose of responding to this RFP, the Auditor shall recover any costs related to those requirements set forth in this Article by ERS only through Article VI, *Audit Price Proposal*.

### A. Customer Service Call Center

A.1.a. **Call Center/Customer Service Unit:** The Auditor shall establish and provide for staffing of one (1) customer service unit dedicated exclusively to ERS' Audit Project. The unit shall be adequately staffed to manage eligibility verification-related questions and provide for resolution of complaints, clarifications, and escalated issues. The hours of operation for Auditor's customer service unit shall be, at a minimum, Monday through Friday from 8:00 a.m. to 7:00 p.m., central time, or central daylight time, as applicable; Saturday coverage from 7:00 a.m. to 3:00 p.m., central time, or central daylight time, as applicable; and emergency service coverage outside of the required business hours.

A.1.a.1. **Call Center Specialists:** Auditor shall designate as many Call Center Specialists as necessary whose sole responsibility shall be to respond to and resolve, within a reasonable timeframe as determined by ERS, Dependent verification-related customer service needs. ERS and the Auditor shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. Auditor warrants and represents that it shall provide thorough training of additional team members in support of the ERS' program.

A.1.a.2. **Back-up Staffing:** Auditor shall designate additional staff, as needed or at ERS' request, to update, maintain and archive Dependent verification-related records and accounts. This staff will also provide additional support for the Auditor's customer service team.

A.1.a.3. **Call Center Management Criteria:** Auditor shall establish adequate customer service staff to meet the *performance guarantees* for average speed to answer, and blockage rate as referenced in the Appendix E. Auditor shall provide in their RFP Proposal the methodology utilized by the Auditor to arrive at the reporting requirements referenced in Appendix E. All Auditor Customer Service Call Centers shall be located within the United States, and preferably in the state of Texas.

A.1.a.4. **Access for Hearing Impaired:** The Auditor's Call Center shall be equipped with Telephone Device for the Deaf ("TDD") or Teletype ("TTY") in order to serve the hearing impaired population.

- A.1.a.5. **Language Accesibility:** The Auditor’s Call Center shall have at least one (1) member services representative who is bilingual in English and Spanish and provide LEP support.
- A.1.a.6. **Benefits Coordinator Access:** The Auditor shall provide BCs with a special number or access code that permits them to have priority access to Auditor’s Call Center supervisors. The Auditor can satisfy this “hotline” requirement by expediting calls to this special number in front of the general queue. Additionally, BCs and dedicated ERS staff shall be provided with a web portal to electronically access Participant eligibility status and through which they may escalate GBP requests to a Call Center supervisor.

## **B. Call Center Processes**

- B.1. **General Requirement:** The Auditor’s Call Center shall have a call management system and communications infrastructure that can manage the potential call volume and achieve the *performance guarantees* as referenced in Appendix E.
  - B.1.a **Call Logs:** The Call Center management system shall enable the logging of all calls, including:
    - i. The caller’s identifying information (e.g., employee ID);
    - ii. The call date and time;
    - iii. The reason for the call (using a coding scheme approved by ERS in advance and in writing);
    - iv. The Call Center representative that handled the call;
    - v. The length of the call; and
    - vi. The resolution of the call (and if unresolved, the action taken and follow-up steps required).
  - B.1.b. Additionally, the Call Center management system shall maintain a history of correspondence and call transactions for performance, quality, and audit purposes. This history will contain the actual information, a date/time stamp that corresponds to when the call took place, the origin of the data management transaction (ERS and/or one (1) of its Agent(s), the customer, etc.), and the Auditor representative that managed the call.
  - B.1.c. **Data Collection:** The Auditor’s Call Center management system shall have the ability to provide auditable reports to ERS.
- B.2. **Scalability:** The Auditor’s Call Center management system shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes where applicable, in response to changes directed by ERS.
- B.3. **Caller Identification:** The Auditor’s Call Center management system shall be equipped with caller identification. In addition, the Auditor’s Call Center shall adopt a caller identification for itself that is approved in advance and in writing by ERS.
- B.4. **Greeting:** The Auditor’s Call Center management system shall provide greeting messaging when necessary. The Auditor may play recorded music for the callers while they are on hold; the Auditor shall also play messages about subjects as directed by ERS. The Auditor shall not play advertising or informational messages for callers while they are on hold unless approved in advance and in writing by ERS (or ERS directs the Auditor to play certain messages). Additionally, the Auditor’s

system shall provide a message that notifies callers that calls may be monitored and recorded by the Auditor and ERS for quality control purposes.

- B.5. **Recording:** Auditor shall make available to ERS staff the ability to listen to and monitor live calls from a remote location to and from the Auditor's Call Center(s). The Auditor's Call Center management system shall record and index all calls such that the Auditor can easily retrieve recordings of individual calls based on the phone number of the caller, the caller's name, the date/time of the call, or the Call Center representative who handled the call. The Auditor shall be able to provide a full recording of each call upon ERS' request, using only the Participant's name and identifier to locate the call(s).
- B.6. **Call Management:** The Auditor's Call Center management system shall facilitate the processing of all calls received and assign incoming calls to available Auditor in an efficient manner. The system shall transfer calls to other telephone lines as necessary and appropriate, including transfers to ERS' Call Center and other external ERS approved Call Centers, (i.e., Internal Revenue Service, etc.).
- B.7. **Introductory Prompts:** The Auditor may use an automated IVR system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in queue in order to speak directly with a live-voice representative during the hours of operation established in V.A.1.a. rather than continue through additional prompts. The Auditor shall not have more than one (1) level of menu choices (limited to five (5) options) unless approved in advance and in writing by ERS. The Auditor's decision tree and menu are subject to ERS' review and approval.
- B.8. **Status Message and Voicemail and Dial-Back Options:** The Auditor shall inform callers of their likely wait times as they enter the queue. Additionally, the Auditor shall have voice-mail capabilities such that callers can record messages after business hours or when Call Center representatives are not available. The Auditor shall also provide a "dial back" option that allows callers to receive a call back from the next available representative.
- B.9. **Outbound Calls:** The Auditor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the Call Center.

## C. **Eligibility and Verification Dependent Status**

- C.1. During the Compliance Period, the Auditor shall receive and review all responses from Subscribers consistent with Articles IV.D.2.a.i.-IV.D.2.a.iii. The Auditor shall process all Subscriber submissions, notices, removals, good cause excuses, time extensions, appeals, and approvals and provide all necessary data to ERS in a format designated by ERS during the established schedule in Article III.B.7.

## **D. Staffing**

- D.1. **ERS Review and Approval:** The Auditor agrees that ERS, in its discretion, may approve or disapprove the Auditor's subcontractors or its staff assigned to this Contract prior to the proposed staff assignment. ERS may also direct the Auditor to replace subcontractors or staff members as it deems necessary and appropriate. The decision of ERS on these matters shall not be subject to contest or remedy.
- D.2. **Staff Changes:** Personnel commitments made in the Auditor's Proposal shall not be changed without prior approval by ERS in writing. For these purposes, such commitments shall include any named individuals in the Proposal and the levels of effort proposed. Absent an emergency, the Auditor shall notify ERS at least thirty (30) calendar days in advance of proposed personnel changes and shall submit justification (including proposed substitutions) in sufficient detail to allow ERS to evaluate the impact upon the Contractual Agreement. The decision of ERS on these matters shall not be subject to contest or remedy.
- D.3. **Staff Training:** The Auditor shall conduct a training program for its representatives and other staff. The Auditor's staff shall successfully complete the training program prior to assuming their duties. The Auditor shall conduct regular staff refresher training to address program, process, and policy changes. Auditor shall provide such training to ERS staff at least two (2) weeks prior to the commencement of audit activities and on-going as ERS may request.

## **E. Resources for Staff**

- E.1. **General Requirements:** The Auditor shall have adequate written and other reference materials to support the Call Center representatives and other staff. At minimum, the Auditor shall have a comprehensive policies and procedures manual along with appropriate Call Center scripting. As part of the policies and procedures manual, the Auditor shall submit a complaint process for ERS approval. Auditor shall generally handle the first level of review of complaints and ERS will generally review complaints not resolved by the Auditor.
- E.2. **Customer Service Scripting:** The Auditor shall develop scripting to guide representatives in their discussions with Participants. The scripting shall include, but not be limited to the following:
- Description of review process (including confirmation of name, address, telephone) and referral procedures if information is different than that in Participant's profile;
  - Questions to verify that the individual is enrolled in one (1) of the GBP programs;
  - Voicemail scripts;
  - Description of verification process;
  - The types of individuals whom the GBP considers to be a "Dependent";
  - The availability of continued coverage for all Dependents;
  - The types of documentation that satisfy the verification requirement;
  - The Compliance Period;
  - The time period after which a Dependent may be removed when the Auditor does not receive requested eligibility verification;
  - Detailed description of validation processes;

- Detailed description of the good cause excuses, Compliance Period time extension request, and appeal processes;
- Detailed description of referral process for identified ineligible Participant(s); and
- Explanation of the outbound Contract procedures.

## **F. Legislative, Media and Other Inquiries.**

- F.1. ERS will have the sole and exclusive responsibility to respond to all legislative, media and other third party inquiries of any type. Auditor shall immediately refer all such inquiries to ERS.

## **G. Progress Reporting on Project Deliverables**

- G.1. **General Requirements:** As directed by ERS, the Auditor shall promptly submit the following reports to ERS using forms developed by the Auditor and approved by ERS:

- G.1.a. **Termination/Removal Report:** The Auditor shall submit an initial report and provide weekly updates until submission of the comprehensive Final Termination/Removal Recommendation Report as indicated in Article V.H.1.

- G.1.b. **Returned Mail:** By the tenth (10th) business day of each month, the Auditor shall summarize data by month for all the preceding months for the following:
- Good cause excuses, appeal notices and determination letters;
  - With forwarding address or for which updated contact information was located (i.e., those individuals whom the Auditor can locate); and
  - Returned as undeliverable, without forwarding address or for which no updated contact information was available (i.e., those individuals whom the Auditor cannot locate).

For all information acquired during the return mail reprocessing service, Auditor shall, at no additional cost to ERS, provide an updated mailing list at a frequency to be determined post Contract award, in a mutually agreeable format, reflecting those addresses that have been corrected to ERS.

Along with these summary reports, the Auditor shall also enclose copies of the forwarding address detail from the United States Postal Service.

- G.1.c. **Problem Identification and Analysis Report:** By the second (2nd) business day of each week, the Auditor shall provide a detailed analysis of the subjects in which Participants commonly expressed or indicated confusion, misperception, or misunderstanding. Specifically, the Auditor shall capture Participant comments from interviews with the Call Center representatives by appropriately configuring its Call Center data system and performing analyses of interview records, inquiry responses, discussions, etc. The Auditor shall identify common Participant concerns and detail the root causes of these issues. In addition, the Auditor shall make specific recommendations regarding:
- Necessary changes to FAQs, notices, or other materials; and
  - Intervention with ERS Call Center representatives and BCs at specific agencies to clarify eligibility policy or related issues.

The Auditor shall conduct analyses and base related recommendations on all accumulated data since the beginning of the Contract's implementation.

- G.1.d. **Call Center Activity:** Unless otherwise directed in writing by ERS, the Auditor's Call Center report shall include the following data:
  - i. Total call volume by date;
  - ii. Duration of calls;
  - iii. Distribution by day of the week of total call volume;
  - iv. Number of Call Center calls monitored by supervisors; and
  - vi. Direct staff time spent on calls weekly and monthly.
- G.1.e. **Monthly Incident Reports:** Auditor shall submit at each monthly operations meeting a listing of all irregular incidents that have occurred during the preceding month.
- G.1.f. **Errors and Corrections:** The Auditor shall report weekly to ERS any potential corrections in Participant eligibility arising from the Auditor's internal quality control activities and reviews.

## **H. Final Reports**

The Auditor shall provide ERS the following final reports:

- H.1. **Termination/Removal Report:** The Auditor shall submit a comprehensive final termination/removal report as outlined below.

Along with the comprehensive final termination/removal report, the Auditor shall provide ERS with an electronic file (or "flat file") that is indexed and broken down by employee ID, or other unique identifier designated by ERS, for: (1) all of the certified mail information (e.g., tracking numbers, etc.) for each issued determination letter, and (2) scanned copies of any returned determination letters.

Unless otherwise directed by ERS, the Auditor shall include in each final report listed above the first name, last name, gender, date of birth, GBP program, the Participant ID of the Subscriber insured for each identified Dependent, and the Dependent social security number.

- H.2. **Coverage Continuation Report:** The Auditor shall provide a GBP coverage continuation report listing all Dependents for whom coverage should be continued because of verified status. Auditor shall indicate his/her class for each Dependent class, insured by agency, and how each Subscriber evidenced the eligibility of their Dependent(s).

## **I. Information Technology Requirements**

- I.1. **Technology:** Auditor shall be fully capable of accepting and implementing all technology and information security protocols, to include all file interfaces on or before the last Thursday in June, 2010. The Auditor's systems shall conform to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") standards for data and document management.

- I.2. **Secure File Transfer Protocol:** Auditor shall transmit and accept all data transmissions using a secure transmission channel. Auditor shall utilize SFTP as the primary means of transferring data and/or files to ERS.
- I.3. **Eligibility Data File:** ERS shall provide to the Auditor an eligibility data file in the SFTP format. This data file shall include, but shall not be limited to information on enrollment. Auditor shall use *file layout* as referenced in Appendix I. The specific file format will be provided post Contract award.
- I.4. **Subscriber Email Management:** The Auditor shall gather email addresses if different from what ERS provides to Auditor on the eligibility data file. This email data shall be reported to ERS on the eligibility data file returned. The specific reporting format will be provided post Contract award.
- I.5. **Information Security:** Auditor shall comply with Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code, and information security standards as outlined in Title 1, Texas Administrative Code § 202. Further, Auditor shall comply with the forgoing regulations for the handling and use of personal identifying and sensitive personal information to mitigate the risk of identity theft and fraud. See Appendix D.
  - I.5.a. Auditor shall ensure the confidentiality, integrity, and availability of Participant and GBP information through the utilization of mutually agreed upon industry best practices coordinated with the Information Security Officer of ERS.
  - I.5.b. Auditor shall establish a Secure Sockets Layer (“SSL”) and/or Transport Layer Security (“TLS”) layer below the standard SFTP protocol to encrypt the control and/or data channels. SSL/TLS protocols are to be utilized to prevent unauthorized use of personal identifying information.
- I.6. **Encrypted Data Files:** Auditor shall maintain duplicate or back-up computer encrypted data files maintained in connection with all ERS’ data in a secure, hardened facility which provides environmental and access controls. Auditor shall utilize 256Bit AES encryption standard for tapes or equivalent backup medium. Decryption keys shall be access controlled and provided to ERS upon demand.
  - I.6.a. All computer data files relating to the Audit Project, as maintained by the Auditor, shall at all times remain the property of ERS notwithstanding the fact that such records may be stored upon or within one (1) or more computer, server, or data retention systems owned, operated, or leased by the Auditor.
  - I.6.b. All electronic communications between Auditor and ERS, including but not limited to email and file transfers shall be encrypted to protect Participant’s confidential information.
- I.7. **Multi-Factor Authentication:** Auditors shall provide non-repudiation services up to and including second factor authentication on all transactions.
- I.8. **Security Breach:** Auditor shall comply with TBCC Title 11 § 521.053 on notification to ERS following breach of security of computerized data. Communication in security breach incidents shall be disclosed to and closely coordinated with ERS.

- I.9. **Data Files:** Auditor shall maintain a complete and accurate reporting system, and provide for the retention, maintenance, and storage of all GBP and Participant records in accordance with the Contractual Agreement for appropriate reporting to ERS. Auditor shall maintain all such records throughout the term of the Contract, and for at least seven (7) years or as dictated by statute, or litigation hold requirements as referenced in Appendix J, following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request. In the event the Auditor is scheduled to destroy records, the Auditor shall contact ERS for approval prior to the destruction of the records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction.
- I.9.a. **Data/Records Availability:** At all reasonable times, ERS or its representatives shall have access to the records. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the Auditor, the Auditor shall provide ERS with assurances from the subcontractor of such computer facilities, satisfactory to ERS, of continued availability and security of such records at all times.
- I.10. **System Service Requests:** Auditor shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article VII.C.7., *Auditor Organizational Information*, the Auditor 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.

Auditor shall provide competent, focused attention to ERS' system requests/issues. Unless the Contract requires a shorter timeframe, Auditor shall use its best efforts to implement all ERS system requests and to correct all ERS system issues within fourteen (14) calendar days from receipt of ERS' written notification to the Auditor. If a fourteen (14) calendar day resolution is not reasonably possible, then the Auditor shall provide ERS with a written plan for implementation, to include a timeline for resolution within a timeframe deemed appropriate by ERS.

## J. Customer Interaction Management

- J.1. **General Requirements:** The Auditor shall maintain customer interaction management functionality in its systems whereby all interactions with GBP Participants irrespective of medium (mail, phone, facsimile, electronic messaging, Web, self-service, face-to-face, etc.), are recorded and date/time stamped.
- J.1.a. **Additional Features:** The customer interaction management functionality shall also:
- i. Support the documentation of Auditor's interaction with the Participant;
  - ii. Support the documentation of any action resulting from a customer service interaction with a Participant through issue resolution. Documentation shall reflect a date/time stamp with any status update; and
  - iii. Maintain Participant relationships from the initial interaction with the Dependent(s) and any subsequent actions and interactions.

- J.2. **Access Management:** The Auditor's systems shall employ an access management function that shall:
- i. Restrict access to information on a "need to know" basis (e.g. users permitted inquiry privileges only will not be permitted to modify information);
  - ii. Restrict access to specific system functions based on an individual user profile, including inquiry only capabilities;
  - iii. Limit attempts to access system functions to a set number with a system function that automatically prevents further access attempts and records these occurrences; and
  - iv. Allow global access to all functions to specified ERS staff.
- J.3. **Escalation Procedures:** The Auditor shall furnish ERS with all internal escalation procedures to address emergency and/or unresolved eligibility information management issues that are the result of an electronic communication systems failure.

## **K. Other Administrative Requirements**

### **K.1. Site Visits**

At any time during this Contract period, at ERS' discretion, agency personnel may conduct site visits at ERS' sole expense. The Auditor may be asked to assist ERS staff with travel and lodging arrangements that shall be in compliance with state of Texas travel guidelines.

# VI. Audit Price Proposal

**A. Dependent Eligibility Verification Audit Services**

- A.1. The RFP and Contractual Agreement shall be construed in a manner that promotes and ensures the most effective and efficient service for the GBP Participants, and ERS. The cost of the requirements described in Article III. shall be recovered only by making provisions for such cost in the proposed fees, and such fees must be reasonable and fair.
- A.1.a. The *Audit Price Proposal* shall be guaranteed for the three year period ending August 31, 2013.
- A.1.b. Pricing shall be based on the assumption that Auditor may only be permitted to assist Participants that have been removed from the GBP benefits with contact information for ERS approved discount programs and other state and/or federally funded programs.
- A.1.c. The Auditor shall quote a fixed maximum fee for the Audit Project. This fee may be expressed as a per Subscriber, per Dependent, or per Subscriber with Dependent. In Auditor’s quote, list all assumptions and extend the quote to provide the estimated total cost.
- A.1.d. The fixed maximum fees below shall be all inclusive for conducting the dependent eligibility audit, including but not limited to, communications, Call Center operations, due diligence, and reporting. The fee shall include preparation and presentation of the final report as directed by ERS. Provide a breakdown of the fee structure by major program segments. No additional costs of any kind above this fee can be assessed, without the prior written consent of ERS.
- A.1.e. The fixed fee below will be applied on an on-going weekly eligibility validation basis for new Dependents that become effective after the initial eligibility validation during the remainder of PY2011. The fixed fee will be applied for the remainder of PY2011 and subsequent PY2012 and PY2013.

Description	Unit Cost*	Hourly Estimate
For example: Eligibility validation functions	\$	
Call Center administration	\$	
Representation at the State Office of Administration	\$	
(others as required by the RFP)	\$	
<b>Total</b>	<b>\$</b>	

Estimated Total Cost for Initial Audit Project: \_\_\_\_\_  
 (total unit cost times basis for unit cost-see Article III.)

\*Auditor shall designate the basis used for the unit cost. Per Subscriber \_\_\_\_\_ Per Dependent \_\_\_\_\_ Per Subscriber with Dependent \_\_\_\_\_

A.1.f. Amount placed at risk for dependent eligibility verification audit *performance guarantees*. \$\_\_\_\_\_

**Note:** The *performance guarantees* shall reflect a total aggregate dollar amount equal to but no less than 5% of the total estimated cost for the initial Audit Project. At ERS' discretion, *performance guarantees* will be allocated to the various severity levels based on the total amount at risk. Assessments for any single Plan Year will not exceed the total amount at risk.

A.1.g. Auditor shall provide pricing based on the assumption that Auditor may be permitted to offer alternative coverage, i.e., private insurance or other than state or federally funded insurance, etc., if applicable, to terminated Participants. The Auditor shall be allowed to receive compensation subject to all of the requirements and protections afforded under this Contract.

Description	Unit Cost*	Hourly Estimate
For example: Eligibility verification functions	\$	
Call Center administration	\$	
Representation at SOAH Hearings	\$	
(others Services as required by the RFP)	\$	
<b>Total</b>	<b>\$</b>	

Estimated Total Cost for Initial Audit Project: \_\_\_\_\_  
 (total unit cost times basis for unit cost)

\*Auditor shall designate the basis used for the unit cost. Per Subscriber \_\_\_\_\_ Per Dependent \_\_\_\_\_ Per Subscriber with Dependent \_\_\_\_\_

**B. Additional or Optional Services**

B.1. Provide total fixed fees anticipated should the additional services listed below be required. The Contract award for the Audit Project is not contingent upon whether Auditor responds to the following:

B.2. Cost estimates submitted by the Auditor shall be based on a fixed fee by operational requirement.

B.3. If the additional or optional services are agreed to by ERS, the Auditor shall be required to provide a comprehensive project plan (“Project Plan”) that covers Optional Services for PY2011, PY2012 and PY2013. Furthermore, the selected Auditor agrees to act in good faith and to cooperate with ERS in the execution of any documents necessary to effect a change to the RFP or Contract, following execution of the Contract by ERS, if ERS deems it to be in the best interest of ERS, GBP, and its Participants. The optional services may include, but not be limited to the following, services:

Description	Unit Cost*	Hourly Estimate
GBP SE Call Center Overflow Services	\$	
Production & Distribution of GBP annual enrollment Personal Enrollment Statements (“PES”)	\$	
COBRA Administration	\$	
Educational Services	\$	
Claims Recovery Services	\$	
Other (descriptive required)	\$	
Total	\$	

Estimated Total Cost for Initial Audit Project: \_\_\_\_\_  
 (total unit cost times basis for unit cost-see Article IX.I.2.)

\*Auditor shall designate the basis used for the unit cost. Per Subscriber \_\_\_\_\_ Per Dependent \_\_\_\_\_ Per Subscriber with Dependent \_\_\_\_\_

## VII. Auditor Organizational Information

**A. Provide the following information regarding the Organization responding to this RFP:**

A.1. Auditor's full legal name, physical/email address(es), and telephone/facsimile numbers.

Full legal name:  
Physical address:  
Email address:  
Telephone number:  
Facsimile number:



A.2. Identify the Auditor's type of incorporation:

Publicly owned       Privately owned  
 For Profit       Not-for-Profit / Non-Profit

A.3. In which State was the Auditor's incorporation or formation? 

A.4. Is the Auditor required to maintain any other license(s)?  Yes  No

If so, describe and confirm the validity of any valid license(s).

A.5. Has the Auditor ever had its certificate of authority or license to conduct business in any state revoked?  Yes  No

If yes, explain.

A.6. Provide the date that Dependent eligibility auditing services were first provided by Auditor. 

A.7. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for *the person authorized to execute this Proposal* and any subsequent Contract which may be awarded. **This person shall be a company vice president or higher level in authority.**

Name:  
Title:  
Mailing address:  
Email address:  
Telephone number:  
Facsimile number:  
Biographical summary:



A.8. Provide the name(s), title(s), mailing/email address(es), and telephone/facsimile number(s) and biographical summary for *the individual(s)* responsible for the preparation of all materials contained in Auditor's Proposal (other than the *Price Proposal*).

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary: 

A.9. Provide the firm/attorney names, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person(s) who shall serve as the *Auditor's Legal Counsel* and/or all such information as it relates to any outside law firm retained by the Auditor for purposes of the Auditor's Proposal or Contract performance.

Firm name:   
Attorney name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary: 

A.10. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the *Auditor Account Management Team Lead*.

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary: 

A.11. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the *Auditor Account Implementation Team Lead*.

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary: 

A.12. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the *individual(s)* responsible for preparation of the *Audit Price Proposals* submitted in Article VI.

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary:

A.13. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the *Auditor's Account Liaison*.

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary:

A.14. Provide the name(s), title(s), and corporate affiliation to the Auditor's firm of *ALL officers and ALL directors or principals, as applicable*. List each in the following format:

Name:   
Title:   
Corporate affiliation:

A.15. Does the Auditor propose to utilize subcontractors in the performance, delivery and provision of services and products requested hereunder?  Yes  No

If yes, provide the information requested in VIII.A.14. for each subcontractor and specify what services may be performed by each subcontractor.

A.16. If applicable, provide the information below for each subcontractor and specify what services may be performed by each subcontractor. List each in the following format:

Name:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Services performed:

A.17. Confirm Auditor's understanding, acknowledgement and agreement that Auditor shall be fully liable and responsible for the performance of any subcontractor that Auditor utilizes to perform any of the services required under the RFP and Contractual Agreement.  Confirm

A.18. Provide a company-wide organizational chart reflecting employee name(s) and title(s) for the Auditor and any subcontractor(s) (if applicable) to be utilized in support of this Contract. Chart should also identify those positions open but not yet filled.

Auditor organizational chart:  
Subcontractor(s) organizational chart:

A.19. Describe the staff (including numbers of full-time equivalent employees) that the Auditor and any subcontractor shall utilize to perform, deliver, and provide the services, equipment, and supplies requested herein.

Auditor staff description:  
Subcontractor staff description:

A.20. How many of these employees are located in Texas?

A.20.a. Describe the functions these employees perform.

Number of Auditor staff in Texas:  
Description of Auditor staff functions:  
If applicable, number of subcontractor staff in Texas:  
If applicable, description of subcontractor staff functions:

A.21. Provide a list of individuals who shall comprise the Auditor's proposed account service team and submit brief resumes, as applicable, for each team member.

A.22. Provide a list of individuals who shall comprise the Auditor's proposed implementation team and submit brief resumes, as applicable, for each team member.

A.23. Provide brief resume(s) identifying key personnel for the Auditor's subcontractor who shall be responsible for any administrative and/or managerial functions of the Contract which shall include a listing of the Auditor-related duties and length of time contracted with the Auditor.

Subcontractor personnel resumes:

A.24. Confirm that ALL relevant personnel's licensure(s), including subcontractors if applicable, shall be validated and current throughout the entire term of the Contract.  
 Confirm

A.25. Provide the name, mailing/email addresses, telephone/facsimile numbers and contact person for the professional associations to which Auditor belongs.

Name:  
Mailing address:  
Email address:  
Telephone number:  
Facsimile number:  
Contact person:



A.26. Auditor shall identify five (5) major employers or organizations of similar program size for which the Auditor currently provides Dependent enrollment eligibility verification services. For these five (5) employers or organizations, Auditor shall provide the company name, the Auditor's primary contact, title, and telephone and facsimile numbers of representatives who are familiar with the auditing services Auditor provides for the programs previously identified. How many Dependents are covered in each audit? Indicate the types of audit services provided to each client.

**Note:** Auditor's response to this request officially authorizes ERS to contact these organizations or any other entity to discuss the services which Auditor has provided and authorizes the employers or organizations to provide such information to ERS, and shall release and hold harmless ERS and the employer of any and all liability whatsoever, in connection with providing and receiving all such information. **Auditor may not provide sponsoring, or parent organizations, subsidiaries, law firms, or subcontractors as references.**

Company name:  
Account primary contact:   
Title:  
Telephone number:   
Facsimile number:  
Type of audit:

A.27. Provide the names of **ANY** organizations that have **non-renewed** the Auditor's services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the services and other consideration the Auditor provides? Indicate the types of audit services that were provided to each client.

**Note:** The Auditor's response to this request officially authorizes ERS to contact these employers or organizations to discuss the services and other considerations which the Auditor has provided for its employees and Dependents, and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the employers of any and all liability whatsoever, in connection with providing and receiving all such information. **Auditor may not provide sponsoring, or parent organizations, subsidiaries, law firms, or subcontractors as references.**

Company name:   
Account primary contact:   
Title:  
Telephone number:   
Facsimile number:  
Type of relationship:

A.28. Provide the names of **ANY** organizations that have **terminated** the Auditor's services, other than because of mergers and acquisitions, within the last five (5) years. What is the name, title and telephone number of the representative of the entity who is familiar with the services and other consideration the Auditor provides? Indicate the types of audit services that were provided to each client.

**Note:** The Auditor's response to this request officially authorizes ERS to contact these employers or organizations to discuss the services and other considerations which the Auditor has provided for its employees and Dependents, and authorizes the organizations or any other entities to provide such information to ERS, and shall release and hold harmless ERS and the employee of any and all liability whatsoever, in connection with providing and receiving all such information. **Auditor may not provide sponsoring, or parent organizations, subsidiaries, law firms, or subcontractors as references.**

Company name:   
Account primary contact:   
Title:   
Telephone number:   
Facsimile number:   
Type of relationship:

**B. Legal Disclosure Requirements**

B.1. Describe any litigation, regulatory proceedings, investigations, and/or inquiries completed, pending or threatened against the Auditor and/or any of its related affiliates, officers, directors or parent companies, subcontractors and any individuals identified by Auditor who will be performing any services and coverages required or authorized under the RFP and Contractual Agreement during the **past ten (10) years** from date of Proposal submission. Identify the case number, date filed, full style of each suit, proceeding or investigation including county and state, regulatory body and/or state or federal agency, and provide a brief summary of the matters in dispute, current status and resolution if any. **Auditor shall not refer ERS to any third party websites or other sources in order for ERS to obtain this information. Auditor must address each aspect of the above paragraph in its response to this question.**

Case Number:   
Date filed:   
County and State:   
Regulatory Body:   
Brief summary:   
Current status:   
Resolution:

B.2. Provide a schedule and describe in detail previous Contract implementation breakdowns, performance assessments, and/or Contract breaches for the **past ten (10) years** (if any) by the Auditor, and discuss all measures the Auditor took to rectify the situation or remedy the breach. Please separate by governmental and non-governmental clients indicating the reason for the assessment and the amount paid. **List in most recent chronological order.**

Governmental:

Non-governmental:

Action taken to resolve issue:

Assessment amount paid:

B.3. Confirm that neither Auditor nor any of its affiliates, subsidiaries, employees, principals, directors, or officers, nor, to its knowledge, Auditor's agents, assigns, attorneys, representatives, contractors, and/or subcontractors, who are involved, either directly or indirectly, in Auditor's performance of the Contract, are or may, in the time such parties become involved, be the subjects of any inquiry, investigation, or prosecution by any state or federal regulatory or law enforcement authority, including but not limited to such actions by the U.S. Department of Justice or the offices of any states' attorney general, the U.S. Department of Labor, Department of Health & Human Services, state bar association, or any self-regulatory organization with oversight authority over Auditor or such parties concerning any violation of state and federal statutes, Rules, regulations, or other laws.  Confirm

B.3.a. Describe any investigations, proceedings or disciplinary actions by any state regulatory agency, states' attorney general or any other law enforcement or applicable oversight body against the Auditor and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services or providing any of the coverages, supplies in connection with the Contract during the **past five (5) years**. Identify the full style of each disciplinary action, 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. **Auditor shall not refer ERS to any third party websites or other sources in order for ERS to obtain this information. Auditor must address each aspect of the above paragraph in its response to this question.**

Case Number:

Date filed:

County and State:

Regulatory Body:

Brief summary:

Current status:

Resolution:

B.4. Describe any pending agreements, negotiations, and/or offers to merge or sell Auditor's organization. This should include any joint ventures or other financial arrangements regarding a pending change in ownership of Auditor's organization that could affect the services described in Auditor's Proposal or affects Auditor's organization's financial ability to meet its obligations under a Contract with ERS.

- B.4.a. Disclose any current pending obligation or arrangement by Auditor to purchase another firm that would involve substantial commitment of assets or capital.
- B.4.b. If applicable, outline the anticipated timelines for the actions reflected in Auditor's responses to items VII.B.4. and B.4.a.
- B.4.c. Confirm that the Auditor shall notify ERS' Executive Director immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of the Auditor's management as permitted by applicable law.  Confirm
- B.5. Confirm that the Auditor shall notify the Director of Ben. Con. with any anticipated changes to the ERS' account management and/or implementation team(s) structure and Auditor's senior officers and/or key personnel.  Confirm
- B.6. Does the Auditor sell or report any data from its clients, either specifically or in aggregate, to any individual(s) or organizations?  Yes  No
- B.6.a. If yes, disclose these arrangements and information shared, in detail. [REDACTED]
- B.7. Provide a copy of the Auditor's fidelity and liability declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [REDACTED]
- B.8. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type; risks covered, carriers, levels, limits, and deductibles. [REDACTED]
- B.9. Describe the errors and omissions coverage to be provided by the Auditor. [REDACTED]

**C. Data and Information Services**

- C.1. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the *Auditor's Privacy Officer*.
  - Name: [REDACTED]
  - Title: [REDACTED]
  - Mailing address: [REDACTED]
  - Email address: [REDACTED]
  - Telephone number: [REDACTED]
  - Facsimile number: [REDACTED]
  - Biographical summary: [REDACTED]
- C.1.a. Is the Auditor currently in compliance with all HIPAA requirements?  Yes  No
- C.1.b. Please provide a brief description of any HIPAA violations alleged or established, currently or in the past, against the Auditor.
- C.1.c. Confirm that the Auditor can provide the ability to transmit HIPAA-related data from and to its site via secured direct transmission line or other federally approved means of data transmission.  Confirm
- C.2. Confirm the Auditor's ability to accept and transmit data via SFTP.  Confirm

C.3. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Security Compliance Officer**.

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary: 

C.4. Confirm that the Auditor can provide the ability to transmit encrypted data from and to its site via secured direct transmission line or other federally approved means of data transmission.  Confirm

C.5. Confirm that the Auditor is currently in compliance with requirements of the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 48: Unauthorized Use of Identifying Information or the information security standards as specified in Texas Administrative Code § 202.20 – 202.25 and § 202.27.  Confirm

C.6. Provide a brief description of any violations alleged against the Auditor on the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code Chapter 48: Unauthorized Use of Identifying Information or the information security standards as specified in Texas Administrative Code § 202.20 – 202.25 & § 202.27.

C.7. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **Auditor's TC** contact for SFTP file management and system service concerns.

Name:   
Title:   
Mailing address:   
Email address:   
Telephone number:   
Facsimile number:   
Biographical summary: 

C.8. Related to Auditor's administrative and customer service support functions, what are the Auditor'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?

C.9. Provide a copy of the Auditor's disaster recovery plan and/or business resumption plan including the results of the Auditor's most recent test of the plan.

**D. Financial Reporting Requirements**

- D.1. Auditor shall provide copies of the Auditor's 2008 and 2009 audited financial statement.
- D.2. For each year contracted, the Auditor shall submit a copy of its annual audited financial statement, by the last business day in June of each Plan Year. Affirm that the Auditor will provide financial statements as required. Confirm
- D.3. Is Auditor's company a subsidiary or affiliate of another company?  Yes  No
- If yes, provide full disclosure of all direct or indirect ownership and include an organization chart depicting the parent company, other companies owned by the parent company, and any subsidiary relationships.
- D.4. Does the Auditor have a sponsoring or parent company?  Yes  No
- D.4.a. Does the Auditor have any understandings, legal relationships or financial agreements with any other entity with regard to providing financial support to the Auditor?  
 Yes  No
- D.4.b. If yes, state the name and address of any sponsoring or parent organization, others who provide financial support to the Auditor, and please describe.
- Full Legal Name:  
Mailing Address:  
Type of Support:  
Type of Relationship:
- D.4.c. Provide an indication of the type of support, i.e., guarantees, letters of credit, etc., if applicable.
- D.4.d. Provide the maximum limits of additional financial support from other entities or persons, if applicable.
- D.4.e. Provide a copy of the sponsoring or parent organization's most current audited financial statement, if applicable.
- D.5. Provide a copy of the Auditor's current SAS 70, Level 2, report, if applicable.
- D.5.a. Provide a copy of the Auditor's sponsoring or parent company current SAS 70, Level 2, report, if applicable.
- D.6. Auditor shall confirm compliance with the Sarbanes-Oxley Act of 2002, if applicable.

## VIII. Deviations

ERS shall interpret any lack of deviation as the Auditor's full agreement to the provisions of the Contractual Agreement and RFP requirements unless specifically noted. ERS shall interpret the Auditor responses to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final Contract unless expressly agreed to by ERS in writing and accepted by the Board. In all cases, the RFP and all Contractual Agreement terms shall control. In the event of any conflict between the two, the terms of the Contractual Agreement(s) shall prevail.

A.1. Affirm that the Auditor shall comply with all of the **Instructions** 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 the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

A.2. Affirm that the Auditor shall comply with all of the **Audit Guidelines** 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 the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

A.3. Affirm that the Auditor shall comply with all of the **Communication Requirements** 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 the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

A.4. Affirm that the Auditor shall comply with all of the **Operational Specifications Requirements** 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 the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

A.5. Affirm that the Auditor shall comply with all of the **Audit Price Proposal Requirements** described in **Article VI**, and bound to the rates the Auditor provides in response to the Rate Proposal Section of this RFP.

Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

- A.6. Affirm that the Auditor shall comply with all of the ***Auditor Organizational Information*** described in **Article VII** of this RFP.  
 Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

- A.7. Affirm that the Auditor shall comply with all of the ***Interrogatories*** described in **Article IX** of this RFP.  
 Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the Auditor's Proposal and these specifications.

Auditor Requested Deviation Detail:

- A.8. While deviations to the Contractual Agreement are strongly discouraged, clearly identify any provisions found in the Contractual Agreement, referenced as Appendix B, to which Auditor is unable to agree. ERS is seeking an Auditor that will agree to, and comply with, all provisions of the Contractual Agreement. ERS shall presume Auditor's agreement to the Contractual Agreement except for items specifically noted and described in response to this confirmation. In any event, ERS shall not be required to accept any deviations to the Contractual Agreement or to the terms of this RFP. Any such deviations must be specifically agreed to in writing by ERS before they shall form a part of the final agreement between ERS and the chosen Auditor.

- A.8.a. Affirm that the Auditor 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 Contractual Agreement deviation.

Auditor Requested Deviation Detail:

- A.9. Affirm that the Auditor shall comply with all of the provisions provided in Appendix D, ***Data Security and Breach Notification*** of this RFP.  
 Affirm  Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix D, ***Data Security and Breach Notification*** deviation.

Auditor Requested Deviation Detail:

## IX. Interrogatories

**Instructions:** In order for an Auditor's Proposal to be considered and accepted, the Auditor shall provide true and correct answers to all of the questions presented in this article. Each question shall be answered thoroughly, in detail, and preceded by the question to which the response pertains. References **shall not** be made to a prior response, or to another document, unless the question involved specifically provides such an option. To ensure that the Auditor has a complete understanding of all ERS requirements with respect to the GBP, **carefully read the earlier articles of this RFP, the attached Signature Pages, Contractual Agreement, Data Security and Breach Notification, and BAA** before responding to any of the following questions. For purposes of the Contract and the RFP, "Auditor" necessarily includes the Auditor, its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors.

Answers to the questions included in this article should be detailed enough to satisfactorily explain Auditor's position on each particular topic. It is the Auditor's responsibility to respond to these questions in such a way that ERS has a full and complete understanding of its intent. **It is important that the Auditor carefully define any key words or phrases used in answering these questions.** Auditor's Proposal shall use the terms defined in the Contract and BAA and the RFP only as they are so defined. Certain questions contained herein may require individualized responses to distinguish more than one scope area.

In addition, provide individualized responses to any other questions for which Auditor believes such responses are necessary in order to fully disclose differences in processes or procedures which may exist between the Audit Project and the Auditor's response based on Auditor's usual or prior practices or work performed for other clients. Each response shall be thorough and preceded by the question to which the response pertains.

### A. General Information

- A.1. Describe any contractual relationships with affiliates, other entities, and current ERS vendors that could present a conflict of interest with the Auditor's role as Auditor for the dependent eligibility audit.
- A.2. Based on similar audits performed, Auditor shall identify any additional Contract terms and/or conditions Auditor would recommend for inclusion in upcoming Contractual Agreements and/or RFP.

### B. Administration and Auditing Personnel

- B.1. How does the Auditor propose to administer auditing services to the Dependent eligibility audit? Include responses to the following:
  - B.1.a. Are all administrative services performed internally?  Yes  No
  - B.1.b. Where is the administrative facility located?
  - B.1.c. List the administrative services performed at this location.
  - B.1.d. How does Auditor verify the legitimacy of submitted documentation?

- B.1.e. If Auditor contracts with a management or service company for some or all of Auditor's administrative services, what is the name of the company, what are the services provided, and what is the method of reimbursement?

Name of Company:  
Services provided:  
Reimbursement Method:

- B.2. If any individuals employed by the Auditor have also been employed by any GBP vendor, ERS or other state agency or higher education institutions at any time during the two (2) years preceding the RFP Proposal closing date, state the name of the individual, the nature of the previous employment, the date of termination of employment, and the annual rate of compensation at the time of termination.

Name of Individual:  
Nature of Previous Employment:  
Date of Termination:

### **C. Systems and Technology**

- C.1. Does Auditor warrant and represent that it has a disaster recovery plan in effect for its computer systems and equipment and that of any subcontractor upon whom Auditor relies in performing or providing any services or products to or on behalf of ERS?  
 Yes     No

If yes, describe generally Auditor's disaster recovery plan and the date and results of the most recent test of the plan.

- C.2. Provide the names and a description of the hardware and software systems that the Auditor is currently using.

- C.3. For each system, provide the following information:

C.3.a. When was this system implemented?

C.3.b. When was the system last updated?

C.3.c. Is there a future update being considered?

C.3.d. If so, when is the update anticipated?

C.3.e. Provide detail about Auditor's existing IT infrastructure and **any** alterations or expansions that would be required to accommodate the work under this Contract (along with the timeframe for implementing such changes).

C.4. What quality assurance processes are provided in the Auditor's system to ensure accuracy in the application of the audit methodology?

C.5. What data fields will Auditor require from ERS to set up Auditor's system(s) to prepare for the audit?

- C.6. Identify and thoroughly discuss all databases and/or resources (electronic or otherwise), utilized by Auditor to validate GBP Participant eligibility status. Please reflect in Auditor's information, differences, if any, of the databases/resources utilized for the initial 100% Audit Project and ongoing eligibility verifications.

### **Data Interfaces**

- C.7. What is Auditor's standard interface protocol?
- C.7.a. What flexibility does Auditor have with Auditor's standard approach?
- C.8. What measures does Auditor take to ensure the security of interfaces Auditor is sending/receiving to/from external sources (whether ERS or a 3rd party)?
- C.9. Please list and describe all security breaches Auditor's organization has experienced, including but not limited to, loss of equipment that contained client information, loss of files, and unauthorized access to your networks.
- C.9.a. What investments has Auditor made over the past three (3) years in the technology to mitigate security breaches?
- C.10. Is your system capable of supporting a User ID other than social security number?  
 Yes     No
- C.10.a. If Auditor's system can support a User ID other than social security number, can User ID be alphanumeric?  Yes     No
- C.10.b. What are Auditor's minimum and maximum User ID lengths?
- C.11. Briefly describe Auditor's back-up procedures for the system(s) to be used in the services proposed to ERS.
- C.12. Describe the process for imaging and retaining all the verification documentation in digital format.
- C.13. How does the Auditor plan to store and retrieve employee data including back-ups?
- C.14. Describe the Auditor's ability to transmit imaged verification documentation to ERS.

### **Information Security**

- C.15. How does the Auditor manage physical security of data center? (Who gets access, which hours?)
- C.16. What technology is in place to manage network and server security?
- C.17. How does the Auditor control access to ERS sensitive data?
- C.18. How does the Auditor secure backup tapes? Who has access to them? (onsite and offsite)

- C.19. How is the Auditor's application security managed and how is client data secured?
- C.20. Does Auditor have a formal information security program in place?  Yes  No
- C.20.a. If yes, does Auditor have dedicated resources for information security efforts?  
 Yes  No
- C.20.b. Does Auditor have formal information security policies, procedures, and standards?  
 Yes  No
- C.20.c. Are employees required to periodically confirm their compliance with Auditor's information security policies?  Yes  No
- C.20.d. Does Auditor have a user awareness campaign related to information security?  
 Yes  No
- C.20.e. How does Auditor monitor compliance?
- C.21. Are Auditor's desktop and laptop computers encrypted to protect data in case of theft or lost?  Yes  No
- C.22. How does Auditor protect the privacy of Subscribers and Dependent(s) contacted through the audit?

**D. Customer Service/Call Center**

- D.1. Briefly describe the Call Center and its functions and scope of responsibility.
- D.1.a. Describe the after-hours service, i.e. live service, messaging or email system.
- D.2. Provide information describing the proposed Call Center's location and hours of operation. Also include information about the number of total staff currently employed at this location and the number of clients that Auditor currently serve with this Call Center.
- D.3. Provide information on the proposed staffing pattern, including answers to the following:
- D.3.a. Does Auditor plan to dedicate Call Center customer service representative full-time equivalents ("FTEs") exclusively to this Contract?  Yes  No
- If so, how many?
- If not, how will Auditor ensure all representatives provide accurate information to Participants?
- D.4. What is the Call Center supervisor-to-customer service representative ratio that Auditor proposes?
- D.4.a. To the extent that Auditor plans to vary these estimates during the course of the Contract, please specify in detail.

- D.4.b. What is the average tenure and experience level of the Call Center supervisors and customer service representatives that Auditor would dedicate to this Contract?
- D.4.c. What are the minimum qualifications?
- D.4.d. What proportion of Call Center customer service representatives that would work on this Contract would have less than one (1) year of Call Center experience?
- D.4.e. What are Auditor's rates of staff turnover/attrition among Call Center customer service representatives?
- D.4.f. How does Auditor plan to mitigate the risk of staff turnover (and potential effect on quality of service and continuity of operations) during the period of this Contract?
- D.5. Discuss Auditor's capacity to scale operations up as necessary to accommodate unanticipated spikes in call volumes.
  - D.5.a. Specifically, how will Auditor handle one-time, higher than-expected call volumes on any given Monday morning? Likewise, how will Auditor respond to a sustained increase in call volume over three (3) or more days?
- D.6. Describe in detail Auditor training plan for Call Center customer service representatives.
  - D.6.a. Estimate the number of hours and type of training that Auditor will provide – and also detail how staff will use the Call Center scripting or automated question prompts to facilitate their discussions with Participants. Also discuss the paper-based and online staff resources that Call Center customer service representatives will have available to them.
- D.7. How will Auditor develop a comprehensive Call Center scripting and a policies and procedures manual within the timeframe specified in the RFP Section III.B.4. Auditor shall submit as an attachment a draft Call Center script and policies and procedures manual or manuals currently in use.
- D.8. Describe Auditor's Call Center monitoring and quality assurance ("QA") plan.
  - D.8.a. Describe in specific detail the call monitoring frequency that Auditor proposes and the extent to which supervisors or other QA staff members will monitor calls in real-time.
- D.9. Provide a narrative outlining how the proposed Call Center will meet or exceed all of the minimum telecommunications technology requirements outlined in Section VI.A.-B.
  - D.9.a. Provide detail about Auditor's existing telecommunications infrastructure and **any** alterations or expansions that would be required to accommodate the work under this Contract (along with the timeframe for implementing such changes).

## **E. Analysis & Reporting**

- E.1. Describe how Auditor would analyze data, identify trends and potential problems, and recommend specific operational solutions.
  - E.1.a. Identify the specific staff persons that would do such analyses, describe the frequency of their updates, and summarize their analytical approach.
  - E.1.b. Provide examples of how these reports will generate specific and actionable recommendations in close to real-time that would help both Auditor and ERS to refine this communications and enrollment counseling effort.
- E.2. Describe how Auditor will handle the mail operations. Please explain the extent to which this function is integrated with the Call Center.
- E.3. Describe the process that Auditor would use to make: (1) final termination recommendations including the overall timeframe for recommendation decisions; and (2) the process for adjudicating requests from Participants for extensions of time, appeals, or good cause excuses.
- E.4. Describe the process Auditor used to provide referral counseling in prior Dependent eligibility verifications to Subscribers whose Dependent(s) were losing coverage, including the use of subcontractors to perform this service.
  - E.4.a. Provide copies of any materials prepared on other health coverage options that Auditor may have used in other Dependent eligibility verification efforts and/or that Auditor would propose to use under this Contract. Identify any financial interest in or consideration Auditor would receive in connection with alternative coverage provided to Dependent(s).
  - E.4.b. Auditor shall provide samples of their management reports.
- E.5. Confirm ERS shall have the option to access reports via a secure website or in print, if requested. Confirm
- E.6. Confirm the following reports, at a minimum, will be provided. Include sample copies of the reports listed below.
  - a. Verification status summary report. (number of letters mailed, number of responders, numbers of complete documentation received, number incomplete documentation received, number of non-responders, number of returned mail);
  - b. Weekly management summary report (progress and milestones);
  - c. Master file of final Eligibility Status Determination Detail report (Subscriber information, Dependent information, eligibility confirmed, eligibility not confirmed);
  - d. Report of final eligibility status determined detail report (by County, by agency);
  - e. Appeals report (number of appeals, number granted, number denied);
  - f. File of all imaged eligibility documentation (received and Subscriber correspondence);
  - g. Final project report (summarizes project outcome and suggestions to improve the ERS' management of Dependent eligibility.) This should include, but not limited to:
    - i. Procedures taken to complete the audit;
    - ii. Number of Participant records examined by Dependent type;
    - iii. Comparison of audit results to industry standards;

- iv. Recommendations to improve overall administration and Participant processing accuracy;
  - v. Recommendations to ERS for possible recovery actions; and
  - vi. Call Center statistics.
- Confirm

**F. Communications**

- F.1. Provide the Auditor’s standard communication plan, including the number, frequency, timing and types of communication used in the Auditor’s standard service.
- F.2. Explain how copies of the specific communications sent to Subscribers will be documented and stored.
- F.3. Briefly describe the procedure used for outbound telephone calls to counsel Subscribers submitting incomplete submissions.
- F.4. Explain any other instances when outbound telephone calls would be initiated.
- F.5. Does Auditor record the phone calls and the voice mail messages? Include a copy of the voicemail message scripts.  Yes  No
- F.6. Does Auditor mail communication materials first class with address service requested?  Yes  No
- F.6.a. Are determination letters mailed certified?  Yes  No
- F.7. Describe how returned mail is handled.
- F.8. Indicate if any services related to the production and/or mailing of communication materials will be outsourced.  Yes  No  
  
If so, provide name of contractor.
- F.9. Describe how Auditor counseled Subscribers during a recent dependent eligibility verification process on alternative health plans for a Dependent insured losing coverage.

**Written Materials and Related Processes**

For the following items, please provide copies of written materials prepared for Subscribers and trainers in prior dependent eligibility verification processes and describe the mail operations employed to reach all Subscribers, the overall process for reviewing documents and making final eligibility determinations, and any appeals procedures.

- F.10. Describe and provide copies of **written Subscriber materials** that Auditor prepared and used in dependent eligibility verifications within the last three (3) years.
- F.11. Provide copies of educational materials prepared for staff trainers and other administrative staff in prior dependent eligibility verification processes.

- F.12. Provide a proposed sample initial mailing including both (1) a first notice and (2) a table listing Auditor's Proposal for the acceptable forms documentation that Subscribers may submit to demonstrate dependent eligibility.
- F.13. Describe Auditor's experience operating a Call Center and handling related mass mailings for recent dependent eligibility verification efforts. Highlight any dependent verification experience serving clients with over 10,000 employees during the last three (3) years.
- F.14. Provide a description of the procedures Auditor developed to review and process dependent eligibility status during the past three (3) years including any specified timeframes for submission of acceptable documentation from covered Subscribers, review of documents, and follow-up communications with Subscribers.

### **Complaint Handling**

- F.15. Provide a detailed description of the Auditor's complaint processing procedures for the following:  
Subscriber complaint received by phone;  
Subscriber complaint received by mail; and  
Subscriber complaint received by email.
- F.16. Describe the Auditor's complaint resolution policies for each of the complaint types listed above.

### **G. Verification Documentation**

- G.1. Provide methodology to confirm receipt of eligibility documentation from the Subscriber.
- G.2. Describe in detail how Auditor will verify dependent eligibility in accordance with GBP eligibility statutes and Rules.
- G.3. Describe the process of associating the required verification document(s) necessary to evidence eligibility for each Dependent type.
- G.3.a. Include whether certified validated copies of verification documents are required. In addition, can Auditor provide optional suggestions with pros and cons?
- G.3.b. Are the original documents returned to the Subscriber?  Yes  No
- G.4. Describe how Auditor ensures that all records provided are authentic.
- G.5. Explain how Auditor will verify that a spouse is still currently the spouse of the Subscriber.
- G.6. Provide the procedure for follow-up communications with Subscribers who do not respond or who provide insufficient documentation.
- G.7. Describe the reinstatement procedures for Dependents who were terminated because documentation was not provided on a timely basis and who subsequently were able to provide proper documentation.

- G.8. Describe the method by which Auditor will provide electronic reporting of final eligibility determinations and eligibility documentation to ERS.
- G.9. Describe the process by which Auditor will communicate to ERS, or its carriers and other Administering Firms, the recommendation to terminate coverage of specific claimed Dependents.
- G.10. Describe the process the Auditors will use to gather Dependent social security numbers not previously reported to ERS.

## **H. Claims Recovery**

- H.1. ERS may require Auditor to provide claims recovery services. Is Auditor capable of providing claims recovery services?  Yes  No

If yes, Auditor shall reflect all associated costs in the *Audit Price Proposal* reflected in Article VI.

- H.2. If applicable, discuss Auditor's experience in the recovery of claims. Include in the discussion Auditor's process for claims recovery. Indicate Auditor's recovery rate for such services expressed as a percentage of assessed overpayments actually received.

- H.2.a. If Auditor is capable of providing claims recovery services, the following information shall be provided in response to this RFP:

- a. Provide a recovery flow diagram process for approval by ERS;
- b. Provide a sample of GBP-specific collection communications;
- c. Provide a tracking process or software that tracks recoveries to include a process to be agreed upon by ERS for identifying and communicating the dollars recovered.

## **I. Additional or Optional Services**

- I.1. If ERS determines that services under this section are needed, Auditor shall reflect all associated costs in the *Audit Price Proposal* reflected in Article VI. Cost estimates submitted by the Auditor shall be based on Auditor's experience with similar sized groups.

- I.2. ERS may request the Auditor to provide a Project Plan that covers optional services for a time period to be determined post Contract award. The optional services may include, but not be limited to the following services:

- a. GBP annual enrollment Call Center Overflow Services;
- b. Production and Distribution of GBP annual enrollment Personal Enrollment Statements;
- c. COBRA Administration;
- d. Educational Services; and
- e. Claims Recovery Services.

- I.2.a. For each service listed above in IX.I.2., provide a detailed description regarding Auditor's scope of services and capabilities to provide each of the services identified above.
- I.3. Auditor shall affirm the following understandings:
  - a. Any optional or "as needed services" must be agreed to in writing by both parties before services are initiated.
  - b. Auditor shall not be reimbursed for work performed outside the scope of the mutually agreed to services.

**J. Legal Services**

J.1. Is Auditor capable of providing legal representation at SOAH and related litigation in cooperation with ERS and subject to its participation and control during the appeal proceedings and related litigation?  Yes  No

J.1.a. If yes, discuss Auditor's abilities to manage these related activities. Auditor's response shall detail the specific type of actions that the Auditor's legal representative is capable of providing.

J.2. If applicable, provide the firm/attorney names, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the person who shall serve as the *Auditor's Legal Counsel* and/or all such information as it relates to any outside law firm retained by the Auditor for purposes of legal representation of the GBP pertaining to all related matters before *SOAH and related litigation*.

Firm name:  
 Attorney name:  
 Title:  
 Mailing address:  
 Email address:  
 Telephone number:  
 Facsimile number:  
 Biographical Summary:

J.2.a. Has the Legal Counsel identified above in IX.J.2. been employed by a state or governmental entity?  Yes  No

J.2.b. If yes, provide employment details and a general job description.

J.2.c. If applicable, is the Legal Counsel identified in response to Article VII.A.9. the same person as identified above?  Yes  No

J.2.d. If not, describe the type of subject matter for which Legal Counsel had legal responsibilities regarding any administrative hearing matter.

J.3. If applicable, list up to five (5) administrative forums that Legal Counsel has appeared in prior to submission of RFP materials.

J.3.a. Has Legal Counsel served as an administrative law judge or in a similar capacity?  
 Yes  No

## **X. Appendices**

- A. Signature Pages
- B. Contractual Agreement (To be published on or after February 22, 2010)
- C. Business Associate Agreement
- D. Data Security and Breach Notification
- E. Performance Guarantees
- F. Chapter 81, Board Rules
- G. Chapter 1551, TIC
- H. Definitions
- I. File Layout
- J. Litigation Hold Workflow