

**Request for Proposals: Third Party Administrator Services  
for Flexible Reimbursement Accounts**

**RFP # OHB08-3**

**Issued: August 1, 2008**

**ADDENDUM 1**

**Issued August 14, 2008**

**This Addendum incorporates certain general comments, general corrections to the RFP, and answers to questions posed during the optional pre-proposal conference held on August 11, 2008.**

**Reference section 9.9. change T.J. Clayton to William G. Gregory**

**GENERAL**

**Verbal responses to questions at the optional Pre-Proposal Conference on August 11, 2008 are unofficial and are not binding. Only these written responses may be relied upon by offerors.**

**Participants at the Optional Pre-proposal Conference were required to register their attendance and to provide their business cards and fax numbers. A list of all attendees at the conference is enclosed for informational purposes.**

**Questions and Answers:**

*Questions from Pre-proposal Conference*

1. In Section 2.3, how many payroll sources does the Commonwealth have that will send fees to the vendor and is there a preferred layout for these files?

Currently, there are 12 payroll sources for the reimbursement accounts, the central payroll (which includes the majority of the employees) and 11 agencies with decentralized payroll functions. Their payroll files are sent in a variety of formats, but we are looking to standardize the format in the future.

2. Will the Commonwealth require the vendor to provide enrollment services?

There will be some enrollment services required of the vendor, including an annual enrollment booklet, posters, and other communication literature as needed.

3. Will you require vendor participation in enrollment meetings?

The vendor should be available to participate in enrollment meetings as requested by the Commonwealth.

4. Are you currently using a debt card for health care members?

Yes

5. Do you know if you have a back end substantiation or front end substantiation debit cards?

Both.

6. In section 3.2.1, what is your definition of construct appropriate master fields? What exactly do you mean by construct?

The vendor should set-up a master file that would contain enrollment data, as provided by the Commonwealth, including such information the participant, account (s), payroll deduction amounts and annual goals.

7. With your current debit cards how many have been issued?

For the plan year ending 6/30/2008, we issued approximately 6,000 debit cards.

8. With debit cards do you have a preference to how people call in? Or could we issue to everyone in your group?

The Commonwealth is currently paying the annual fee for the employees who elect to use the debit card, so we require the employees to request card usage each plan year. The current process requires the employee to fax an enrollment request to the vendor each plan year. We are open to other methods for the employees to request cards, but not to an issuance to all participants.

9. Do you have any target goals for participation?

Based on the total eligible population, the Commonwealth currently has 11% participation in the medical (health care) reimbursement account and 1.4% participation in the dependent care account. We would like to see the participation increase, especially in the medical reimbursement accounts.

10. Do you offer a health savings account plan now or do you plan to in the near future and if so will you require a limited purpose FSA?

There is no health savings account plan offered by the Commonwealth at this time. As stated in the RFP, we are interested in knowing if the offeror can administer a health savings account if request. If a health savings account is offered, we would require the offeror to provide a limited purpose reimbursement account for participants.

11. Regarding consumer driven plan, are you requesting any quotes for any HRA products as well?

No.

12. Do you have incentives for drawing participation for this plan?

The Commonwealth currently pays the monthly administrative fee and annual debit card fee for participants.

13. Regarding bank relationships on Page 6 and 12, you show a couple of banks relations. Is there a requirement that the bank has to be in the state of Virginia?

All public funds for the Commonwealth must be deposited in a qualified public depository. A public depository is any national banking association, federal savings and loan association or federal savings bank located in Virginia and any bank, trust company or savings and loan association organized under Virginia law that receives or holds public deposits that are secured pursuant to the Act. There are approximately 120 qualified public depositories. A most current listing of qualified public depositories can be found on the Virginia Department of Treasury's web site. <http://www.trs.virginia.gov/documents/ops/Report.pdf>

14. If there is an overdraw of that account because the health care pays out early, does the Commonwealth cover that?

Yes

15. Regarding banking, does your current vendor pay the claims then ask for reimbursement from the Commonwealth? Is this current arrangement satisfactory, if not what seems to be the problem?

The current vendor pays the claims and performs a daily sweep from the Commonwealth's bank account through a ZBA transaction. While the arrangement is satisfactory, more detailed account of the daily transactions will be require with the new contract.

16. Regarding printing in section 3.13, do you have any idea how many materials there would be? Do you have quantities you can give us?

**2008-2009 Enrollment Communication Materials**

Debit Card Applications: 12,000

Benefits Booklets: 12,000

Debit Card Brochures: 12,000

17. Regarding debit cards, would you require requesting via web access, customer service or via form? Have you had any problems with getting those cards?

The Commonwealth will be open to various methods of enrollment for the debit card program. No significant problems have been noted with our current method of obtaining debit cards.

18. Have your employees had any problems using the debit cards?

We have just completed our first year utilizing the debit cards, so the problems experienced were the result of the participants not understanding the provisions for substantiation of eligible expenses.

19. In section 4.5 regarding non-financial claims, what do you have in mind for non-financial processing?

The information used to determine the type of claim and any required coding for claim processing that does not directly impact the claim payment, for example, type or date of service may be coded incorrectly, but the reimbursement is correct.

20. Section 4.7, on average how many calls are you taking a month?

Average monthly call volume: 3,000

21. Do you have the average of monthly claims?

Medical Reimbursement Account:  
Debit Card Transactions/Claims: 5,585  
Standard Claims: 3,350

Dependent Care Account: 662

22. Section 5.2, what are you asking for in the redacted copy? Are the five copies in that including the redacted copy?

The redacted copy should not include any proprietary information. The 5 copies are in addition to the redacted copy.

23. Can we redact our financial statement if it is requested in the RFP?

The annual report is requested in section 8.9

24. Definition of SWaM, does Women and Minority also need to be certified by DMBE as well?

Yes

25. Page 11, section 7.2.2, reporting by agency, can you describe how the agency codes look? Are they 3 characters or five?

Each state agency is assigned a three digit code.

26. Clarification regarding negotiations, we see where the negotiation will be with 2 finalists, is everything else negotiable besides the General Terms and Conditions?

No.

27. Page 22, 1.b, regarding maximum number of individual accounts, does this mean the current largest number or what the number could be?

Yes, what is the largest number of accounts currently being processed on the system identified in 1.a. on page 22.

28. Page 23, a, correspondence and claims control within one business day, what do you have in mind for this correspondence? Is this like keeping track of it?

Within one business day, the vendor should be able to account or verify the receipt of correspondence or claim.

29. Do you have co-pays or co-insurance or both?

The health plan included both co-payments and co-insurance.

30. Do you know the average deferral amounts of those participants?

The average annual contribution by participant:  
Medical Reimbursement: \$1,400  
Dependent Care: \$3,750

31. Are you considering a grace period?

The Commonwealth is not considering adding the grace period at this time.

32. Regarding pricing for Transportation Reimbursement, do you want that pricing as well? How would you know what you comparing that information to?

The Commonwealth is interested in the offeror's ability to administer a Section 132 Transportation program and the cost associated with the administration. We do not currently offer this benefits, so we would be comparing the information provided to the other offerors.

33. Is there a deadline for submitting questions?

Yes. August 13, 2008

34. Reference section 3.3.1 Is there any requirement that the special bank account be maintained in VA?

All public funds for the Commonwealth must be deposited in a qualified public depository. A public depository is any national banking association, federal savings and loan association or federal savings bank located in Virginia and any bank, trust company or savings and loan association organized under Virginia law that receives or holds public deposits that are secured pursuant to the Act. There are approximately 120 qualified public depositories. A most current listing of qualified public depositories can be found on the Virginia Department of Treasury's web site. <http://www.trs.virginia.gov/documents/ops/Report.pdf>

35. Reference section 3.14 Is this a financial audit?

Yes.

36. Reference section 3.22 Is this process currently being done? If so, with how many different plan carriers? If not, how many carriers does the Commonwealth currently use?

This process is not currently being performed. The Commonwealth currently has four claim administrators for the self-funded program and one HMO.

37. Reference section 8.c Does this mean what action should the member take?

No. We would like to know if your debit card would be able to contain additional information regarding the member's other benefits, such as health plan co-payment and vendors, currently contained on the member's identification card.

38. What is the current administrative fee? Debit card fee? Are there any other annual or recurring fees?

Current Administrative Fee: \$ 2.90 per participant per month

Current Debit Card Fee: \$20.00 per participant annually

39. Is the successful vendor expected to attend onsite enrollment meetings? If so, for what duration? Can we have a copy of last year's benefit fair schedule that FBMC attended?

The successful vendor should be available to participate in enrollment meetings as requested by the Commonwealth. The Commonwealth's open enrollment period normally runs for thirty days. We did not request any attendance by FBMC during our last open enrollment period.

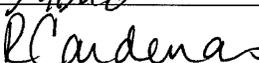
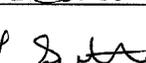
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Optional Pre-Proposal Conference

Monday, August 11, 2008 at 10:00 a.m.

**Sign In Sheet**

FIRM	PRINT NAME	SIGNATURE
1. ADP	1. Mike O'Brien	1. 
2. SHPS	2. Gregg Bond	2. 
3. FBMC	3. Rosemary Cardenas	3. 
4. VHC	4. Leigh Ann Sutton	4. 
5. ASI	5. John Ripstein	5. 
6.	6.	6.
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