



REQUEST FOR PROPOSAL FOR FLEXIBLE SPENDING ACCOUNT (FSA) SERVICES



Response Due August 26, 2013

CITY OF DANBURY, CT

 Segal Consulting

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Introduction

The City of Danbury (hereafter referred to as “the City”), invites your company to submit a proposal to provide the following services:

- Flexible Benefits Account Administration

This letter constitutes your invitation to bid.

Fees should be guaranteed from January 1, 2014 to June 30, 2016.. The anticipated effective date will be January 1, 2014

The City’s benefits run on a fiscal year July-June. We anticipate that the first year of the offering will be a short-year for the FSA (January 1, 2014-June 30, 2014). The anniversary dates will be every July 1, thereafter.

The City reserves the right to accept or reject any and all proposals. Proposals containing the lowest cost will not necessarily be implemented as the City recognizes that factors other than costs are important to the ultimate selection of the provider or providers of their benefit plan.

We look forward to receiving a timely proposal from you that will provide complete and carefully prepared information. We believe this RFP will adequately provide you with the information necessary for you to submit a proposal; however, if additional clarification or information is necessary, please e-mail tdemattie@segalco.com

Bidding Instructions and Conditions

General Proposal Conditions

Below are the general requirements for submitting proposals.

1. **Award or Rejection:** Any award will be made to that bidder whose proposal is deemed to be in the best interest of the City. The City reserves the right to reject any or all proposals.
2. **Time for Acceptance:** The bidder agrees to be bound by its proposal for a period of at least 180 days, during which time the City may request clarification or correction of the proposal for the purpose of evaluation. Amendments or clarifications shall not affect the remainder of the proposal, but only the portion so amended or clarified. Late proposals may not be accepted.
3. **Eligibility Rules:** The bidder agrees to the specified eligibility rules established by the City. Any proposed modifications to the specified eligibility rules must be clearly pointed out in the appropriate section of the proposal.
4. **Exceptions:** Any exceptions to terms, conditions, or other requirements in any part of these specifications must be clearly pointed out in the appropriate section of the proposal. Otherwise, it will be considered that all items offered are in strict compliance with the specifications.
5. **General Compliance:** All bidder services must adhere to relevant federal and state laws and regulations.
6. **Termination Provisions:** Any early termination provision contained in your contract cannot be tied to the renewal or financial provisions or penalties. Either party can terminate the contract without cause. However, the City can provide 30-days notice while you will be required to provide 90-days notice to the City.

It is assumed that all bids submitted adhere to these conditions, unless otherwise noted in the proposal. Failure to meet any of these conditions may result in disqualification of bids. This RFP and your response, including all subsequent documents provided during this RFP process will become the contract between the parties until replaced by a final written contract is signed.

Background

The City provides medical benefits to approximately 500 active employees. Three hundred employees will be eligible for the Medical FSA (others are on an HSA plan). Medical benefits are currently self-insured through Cigna HealthCare.

There are currently no flexible spending services in place. This will be a new plan.

We are requesting both Health Care and Dependent Care Services. The maximum for Medical will be \$2,500 with a \$260 minimum.

Objective

The City seeks to provide high quality, cost effective benefits to its employees and their families. The City is looking for a vendor that can provide flexible spending administration services in a simplified, easy to use, and **cost-effective manner**.

The City is seeking a relationship with a vendor who can work in partnership with them. The successful vendor must be agreeable to adapt existing operations to meet the City's needs and must show a dedication to customer service.

The City is soliciting your proposal as part of its continual process of reviewing the types of benefits being provided to plan eligible City members, how these benefits are provided, and to assure that these benefits are being provided on a competitive basis.

Requested Services

The purpose of this RFP is to obtain proposals from qualified companies capable of providing and administering flexible spending administration. Additionally, the initial contract period will be for 30 months, the period January 1, 2014 through June 30, 2016, with successive yearly options to renew, exercisable solely at the discretion of the City through this RFP process, the City and their consultants (The Segal Company) will review proposals to determine the best firm.

Timeline

Action	Due Date
RFP Released	August 12, 2013
Proposal Submitted	<ul style="list-style-type: none">• Electronic version: August 26, 2013• Hardcopy version: August 28, 2013
Contract Award Date	October 1, 2013
Open Enrollment	October/November
Contract Effective Date	January 1, 2014

Contacts

Please send **two hard copies and one electronic copy** of your proposal, to the following contact:

Terry DeMattie
The Segal Company
30 Waterside Drive, Suite 300
Farmington, CT 06032

All questions are to be submitted in writing to: tdemattie@segalco.com

General Requirements

- Complete this form and include it with your response.
- Indicate “yes” or “no” as to your organization’s ability to meet the general requirements.
- Bidders will be held accountable for accuracy/validity of all answers.

General Requirements	Yes	No
1. Provide at least 150 days advance written notice of any change in fees/premium.	<input type="checkbox"/>	<input type="checkbox"/>
2. Fees guaranteed for a minimum of 30 months with successive fiscal year option to renew	<input type="checkbox"/>	<input type="checkbox"/>
3. Proposal is submitted net of commissions.	<input type="checkbox"/>	<input type="checkbox"/>
4. The contract includes an indemnification/hold harmless clause to protect the City?	<input type="checkbox"/>	<input type="checkbox"/>
5. Confirm that the fees quoted in your proposal firm will not be recalculated based on actual enrollment?	<input type="checkbox"/>	<input type="checkbox"/>
6. You agree that any early termination provision contained in your contract cannot be tied to the renewal or financial provisions or penalties.	<input type="checkbox"/>	<input type="checkbox"/>
7. You agree that either party can terminate the contract without cause. However, the City can provide 30 days notice while you will be required to provide 90 days notice to the City	<input type="checkbox"/>	<input type="checkbox"/>
8. You will provide at-risk performance guarantees.	<input type="checkbox"/>	<input type="checkbox"/>
9. Please attach a copy of your Business Associate Agreement and proposed contract for review.	<i>Multiple Choice</i> <input type="checkbox"/> Attached <input type="checkbox"/> Not Provided	

Data Items

Core Business	
Total Number of Active Employees	500, FSA will be offered to approximately 375
Total Number of Employees Covered for Health Insurance (including Early Retirees/Open Window)	600

General

Instructions

- Provide an answer to each question and do not leave blank or unanswered questions.
- Answer the question as directly as possible and incorporate all information within the questionnaire section. Please avoid referring to attachments or collateral materials in lieu of answers. Do not include promotional materials.
- Clearly identify and label all attachments and collateral materials with the corresponding questionnaire section and question number.
- The bidder will be held accountable for accuracy/validity of all answers.
- Remember, RFP responses will become part of the contract between the winning bidder and the client.

Submit your response via hard copy and electronically, using Microsoft Word.

1. Please provide information on your organization's background.

Parent Company	_____
Headquartered	_____
Date Founded	_____
# of Employees in Company	_____
# of Employees dedicated to customer service	_____

HIPAA

1. You agree that:

	Vendor Response
a. If you were provided any individually identifiable health information (IIHI) by the City in order to price this bid , you are prohibited from using the IIHI for any purpose other than as required by law and further, agree to promptly destroy such IIHI if you are NOT the successful Proposer?	<i>Multiple Choice</i> <input type="checkbox"/> Yes <input type="checkbox"/> No
b. If you receive individually identifiable health information (IIHI) from the City or the City's business associates in order to perform underwriting, premium rating, or other activities relating to the renewal or replacement of a contract of health insurance or health benefits , that you will protect such IIHI as required by HIPAA Privacy regulations?	<i>Multiple Choice</i> <input type="checkbox"/> Yes <input type="checkbox"/> No

2. Are you aware of any complaints that have been filed against your organization regarding HIPAA EDI or Privacy?
3. Indicate the name and title of your firm's **Privacy Officer**.
4. **If the City wants to transmit or receive electronic protected health information (ePHI)** with your organization (such as may be part of an e-mail correspondence or eligibility inquiry), what protocol or methods will be required?
5. You are willing to sign a contract with the City that indicates **your firm will pay fines** the City may be assessed as a result of your firm's noncompliance with HIPAA EDI, Privacy and Security regulations.

Performance Agreement

As a bidder, you must agree to serve the City and its staff under the terms of a performance agreement executed between the two entities. The objective of the Performance Agreement is not to reduce your client revenue by invoking penalties but rather to reinforce your verbal and written assurances of quality service with tangible measurements. At a minimum, this performance agreement must include a subjective service guarantee that will be solely determined by the City's benefits management; and a level of financial risk that is challenging yet fair. We request that the performance and corresponding financial penalty be reviewed each quarter.

Flexible Spending Account Administration

General

1. How long have you been performing Flexible Spending Accounts administration?
2. How many clients are you currently administering? How many additional are expected during the next 6 months?
3. Please provide a list of at least three clients who are similar to ours for whom you are administering Flexible Spending Accounts. For each reference, provide the name of the client, the address, the contact person, his/her telephone number, type of services provided and the number of participants.
4. Identify those individuals who would be responsible for the day-to-day service contact with the City; outline their length of experience with your firm, and throughout their career.

5.

	Vendor Response
a. Indicate your FSA website	<i>Text</i>
b. Describe the topics of interest the City may want to view?	<i>Text</i>
c. Describe the topics of interest the FSA participant may want to view?	<i>Text</i>

6. What are your security and backup procedures?
7. How do you differentiate your FSA services from your competitors?
8. What percentage of your organization's total revenue is represented by the administration of FSA?
9. Claim Turnaround Time (number of business days from receipt)

	Expected Turnaround Time	Actual Turnaround Time	Percentage of all Claims Processed
Paper Claims			
Electronic Claims			

10. Claim Accuracy—Total Claims for CY2012

	Number of Claims	% Dollar Accuracy	% Error Frequency
Valid Claims			
Ineligible Claims			

Services

1. The City requires that the following services be provided in administering the FSA program. Please complete the following table. Indicate if your organization will perform the following services for the City

Service	Will your organization perform the following services, indicate?		Explain the way in which you will provide each of these services
	Yes	No	
Discrimination testing			
Communication materials to employees	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Face-to-face enrollment meetings with employees as needed	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Handling of open enrollment information packages			
Initial setup of employee accounts	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Processing of requests for reimbursement, including eligibility verification according to plan and IRS rules	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Online web tools for enrollment, submission of expense documentation and account balances			
Fax and IVR capabilities			
Ongoing record keeping of accounts	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Issuance of reimbursement drafts and pertinent documentation	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Periodic employee statements			
Employee notification of account balances near year-end via mail	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Periodic accounting and statistical reports (include examples)	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Banking arrangement for financing the FSA	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Preparation and mailing of W-2 forms to participants for dependent care	<input type="checkbox"/>	<input type="checkbox"/>	<i>Text</i>
Plan Documents			
Employee Statement Mailings a. How frequently will you mail statements?			

Debit Cards

1.

	Vendor Response
a. You have the ability to administer a debit card.	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. What types of claims cannot be administered via your debit card?	<i>Text</i>
c. Can dependent care expenses be administered by using the debit card?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d. What is your added fee to administer a debit card?	<i>Text</i>
e. Must all participants use the debit card or can only certain individuals elect the debit card option?	<i>Multiple Choice</i> <input type="checkbox"/> all participants use the debit card <input type="checkbox"/> only certain individuals elect the debit card option
f. What debit card transactions would prompt a request for claim substantiation?	<i>Text</i>
g. When you offer a debit card, do you require that all reimbursements be administered via this debit card or will you accept hard copy claim submissions by those participants who forget to use their card?	<i>Multiple Choice</i> <input type="checkbox"/> require all reimbursements be administered via this debit card <input type="checkbox"/> will accept hard copy claim submissions by those participants who forget to use their card
h. What happens when an ineligible item is charged along with a covered prescription at the point of service?	
i. If a physician writes a prescription for an over-the-counter item that may or may not be covered by the plan what do you do at the point of service?	
j. Do you respond to all written inquiries from covered members? What is the turnaround time?	

2. The selected vendor shall provide the City with the information in its custody for use in preparing all returns and reports that are required by the Internal Revenue Service, the Department of Labor and any other federal, state, or the City's agencies. The selected vendor shall assist in the preparation of such returns and reports whenever called upon to do so by the City

The selected vendor shall provide the following additional services:

- Provide employee communications material in ready-to-print format such as benefit booklets, newsletters or similar informational materials, web-access to interactive information, new participant letters and informational packets, etc.;
- Stay current on legal and regulatory changes affecting FSA plans and advise the City of any regulatory, legal, or procedural changes; and

3. Handle the intake and review of all customer service inquiries and appeals.
4. If your proposal does not include all of these services, or includes other additional services, please describe in detail. Also, please indicate the cost of each service.
5. Indicate how contributions, accounting, and reimbursements are handled by your system.
6. Describe the information that will be required from the employee to submit a valid claim for FSA benefits reimbursement, i.e., do they need a copy of the EOB from the health carrier confirming their out of pocket, etc.
7. Would any contribution limitations apply to the year beginning on the plan effective date?
8. How often would reimbursements be made to participants?

	Vendor Response
a. Health care reimbursement account?	<i>Text</i>
b. Dependent care reimbursement account?	<i>Text</i>
c. Can the schedule be different for different benefits?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Vendor Response
a. Do you require an initial deposit?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. If so, how much?	<i>Text</i>

9. How many drafts do you anticipate in year one for each participant? What is your estimate of employee participation?
10. Does your system calculate salary reduction and payroll deduction amounts? Can it provide this information to the payroll vendor?
11. Can your system accommodate changes to an employee's election during the plan year due to:
 - 1) employee status changes
 - 2) family status changes
 - 3) changes in eligibility
12. Can your system communicate to payroll for changes in deductions due to:
 - 1) changes in employee elections
 - 2) employee pay frequency changes
13. How does your system enroll newly eligible employees on a regular basis throughout the plan year and properly update or reconcile with payroll?
14. How does your system check for duplicate expenses and verify plan maximums?
15. What facilities are provided by the system to identify coverage changes that result from status changes or salary changes?

16. Describe your method for ensuring that benefit terminations are adequately and timely handled. How does the system track termination dates?
17. What safeguards exist against an ineligible plan member attempting to gain reimbursement under the program?
18. Can your system flag certain recurring expenses that have already been substantiated? (I.e. Will you require substantiation of a recurring eligible expense each time the expense is submitted or only the first time the expense is submitted?)
19. Does the system maintain covered dependent and beneficiary information?
20. Can your system administer multiple plan years concurrently and allow dual records during the first months of a new plan year? Can your system automatically enroll eligible employees who elect to continue to participate?
21. How are deposits to participants' accounts entered to the system? On-line? From participants' elections? Payroll extract?
22. How do you handle overpayments and underpayments?
23. How will forfeitures be handled for year-end accounting?
24. How are requests that exceed a participant's account balance handled? Is the employee paid the balance of his account and the unpaid request amount pended for future automatic payments?
25. Will the system allow employees to submit reimbursement requests for eligible expenses incurred during the prior year, for a period of no more than 90 days after the end of the plan year?
26. Describe the way in which the banking arrangement works. Include the timing of the call for funds; any deposit amount required in the account; its term (weekly, monthly); how it is determined and any interest earned on the deposit or on amounts held in the account until checks are cashed.
27. What correction facilities are provided to reverse deposits, requests, payments?
28. Do you offer direct deposit of reimbursements? If yes, does an additional fee apply?
29. What type of back up procedures are in place to maintain data integrity?
30. Please provide a detailed implementation timeline.
31. Provide samples of communication materials to be distributed by the vendor to all members including but not limited to:
 - Procedures for obtaining reimbursement
 - Claim forms
 - Claim substantiation when using debit card

- Marketing Materials for employees, including illustrations of tax savings gained through participation in the FSA.

32.

	Vendor Response
a. Does your proposal have a minimum participation requirement?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If so, please detail the participation required?	Text
b. What happens if the minimum is not achieved?	Text

33.

	Vendor Response
a. You agree to perform nondiscrimination testing to ensure the plan is in compliance with IRS Code Section 125 on an annual basis	<input type="checkbox"/> Yes <input type="checkbox"/> No
b. Is there an additional cost for the annual testing?	Text
c. If the City wanted the above non-discrimination testing performed at an additional time other than annually, what would you charge?	Text

Reporting

1. Please include samples of the following material:

	Vendor Response
a. You agree to provide monthly management reports to the City?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Please provide samples of these reports and note whether they are available electronically.	Multiple Choice <input type="checkbox"/> Attached <input type="checkbox"/> Not Provided
At what frequency would your management reports be produced?	Text
b. You are capable of providing reports more frequently, when requested?	Text
c. Is there a cost differential if reports are produced on other frequencies? If so, please describe.	

2. Please include samples of the following material:

- 1) Communication material
- 2) Enrollment and any other forms
- 3) Management reports
- 4) Reimbursement draft

3. Can any of the above items be customized for the City? If so, please list and indicate the cost.

4. What is your ad-hoc reporting process and what is the typical turnaround time?

Fees

1. Please provide a quote for FSA administration and a detailed list of services that it includes.
2. Please describe your bank account/funding arrangements for FSA reimbursements.
3. Please provide a quote for the use of debit cards.
4. Please provide what online services are available for reviewing account balances and transactions.
5. Please confirm Section 125 testing is included in the administrative fee. If not, please specify the additional cost.
6. Please complete the following table.

Service	Frequency	Vendor Response
FSA Administration/Medical/ Dependent Care Plans		
• Health Care		
• Dependent Care		
• Both		
• Set-up Fee	1x	Text
• Annual Fee (Year 3 and thereafter)	Annually	Text
• Group Administrative Fee	Monthly	Text
• Per Participant Fee	Monthly	Text
• Minimum Fee	Monthly	Text
Additional Services		
• Claims Processing/Payment	Daily	
• Accept Electronic Enrollment File		Text
• Direct Deposit		Text
• Employer Web Services - enrollment		Text
• Employer Web Services - payment lookup		Text
• Debit Cards	1x or monthly	Initial Debit Card: \$____ Additional Debit Card: \$____ Duplicate Debit Card: \$____
(Response Format = \$____ (#) at no cost, \$____ for each additional)		
Plan Doc/SPD Preparation	1x	Text
Amendments	1x	Text

Service	Frequency	Vendor Response
Discrimination Testing	1x	<i>Text</i>
Enrollment Kits	Per kit	<i>Text</i>
Communication Materials		<i>Text</i>
Open Enrollment Support		
Postage		
Printing of Forms		
Toll Free Customer Service		<i>Text</i>
Other (Specify)		
Minimum Participation/Fee Requirement		
Fee Guarantee	<i>(Response Format = Years)</i>	<i>Text</i>

Exhibits

Exhibit: Vendor Information Sheet¹

¹All correspondence and questions regarding your proposal will be addressed to the contact person listed on this sheet.

	Vendor Response
Organization Name	<i>Text</i>
Contact Person's Name	<i>Text</i>
Title	<i>Text</i>
Address	<i>Text</i>
Enterprise/State	<i>Text</i>
Phone Number	<i>Text</i>
Fax Number	<i>Text</i>
E-mail Address	<i>Text</i>