

Attachment 16: Questions and Answers

The following questions were submitted in writing by Vendor A. (Answers follow.)

1. Sections 1.14 & 1.23 – Disclosure of Conflicts of Interest or Unfair Competitive Advantage

Comment: Any potential vendor who currently administers PEBA’s employee insurance programs will have an inherent conflict of interest. Such vendors have an inherent conflict of interest related to claims payments, cost control measures and lower utilization. Such vendors could profit on several fronts by denying claims from the insured product resulting in inflated cost controls and lower utilization measurements. Instead of paying the claims from an insured product, the vendor could simply reimburse the denied claims from the state employees’ pre-tax contributions. In previous solicitations for the Flexible Benefits Program, the State recognized this by barring any such insurance carriers from bidding on this RFP.

A: Offeror did not formulate a question, rather the Offeror made a comment. PEBA does not agree with this comment and the RFP stands as written.

2. Section 3.3.2 – This section indicates that if a claim is denied a second time, the contractor shall call the Participant to provide details and information about how to submit a valid claim.

Q: Placing outgoing calls to participants with denied claims is not an industry standard and would unnecessarily add costs to the administration of the program. Lack of phone numbers and the inability to leave a detailed message due to HIPAA privacy concerns would further impede successful communication. Will PEBA accept the industry standard of providing information in writing that explains what information is needed in order to make the claim whole?

A: Section 3.3.2 has been amended.

3. Section 3.4.4 – This section says that each payroll center shall remit administrative fees and flexible spending account contributions to the Contractor according to each payroll center’s pay cycle, but no less than monthly during the term of the contract.

Q: To ensure this happens, we ask that PEBA support and require that fees and contributions be debited from employer bank accounts via ACH in a timely manner. This could also serve to lessen the chances of discrepancies. Will the Contractor be allowed to debit employer bank accounts?

A: Most employers do not allow third-party vendors to debit their bank accounts. The Contractor should work with each employer to determine appropriate remittance options.

4. Part 5 – Information for Offerors to Submit

Q: Can you confirm if the technical proposal should be in a spiral bound binder and the business proposal in a separate spiral bound binder? Or are both proposals to be in one spiral bound binder separated by a tab?

A: Proposals should be in separate spiral bound copies.

5. Part 5 – Information for Offerors to Submit

Q: Are items d. and f. a duplicate? Can you confirm?

A: Items d and f under Part 5 are duplicates. Item f has been deleted.

6. Section 5.1.5.7 – Many clients have restrictions in our contracts that forbid us from releasing entity names. Therefore, including those clients would require us to first obtain permission in order for our firm to release their names. For contractors with many clients, this would seem a burdensome requirement. In addition, references are requested elsewhere.

Q: So as not to violate our contracts, is there some other list of clients that can be included in place of a complete list of all clients? Or could we provide an anonymized list of clients notated as to whether public or private and listed by type of business (e.g., manufacturer, health provider, university, city, state, etc.)?

A: PEBA will accept an anonymized list of clients if all other information is listed, including public sector vs. private sector; what industry the client represents; the programs for which services are provided; the number of participants for each program; and the number of years you have been retained.

The required references requested in Section 5.1.5 Offeror's Background and Experience, Item 9, must be completely transparent.

7. Section 7.31 – Contractors Liability Insurance-Information Security and Privacy

Q: To what type of coverage does (e) apply? Can you clarify the entire 7.31 section by providing an itemized list of coverage and limits?

A: Section 7.31 details the coverage requested and provides the desired limits.

The following questions were submitted in writing by Vendor B. (Answers follow.)

8. General

Q: Are there any service issues with the current FSA administrator? If so, please provide specific explanations regarding those service issues.

A: No. This procurement falls under the purview of the *South Carolina Consolidated Procurement Code* which requires public solicitation at the end of the term.

Q: Does the evaluation of proposals include specific scoring for each section of the RFP to ensure a common uniform basis upon which to evaluate each proposal? Please provide the process and criteria that will be employed in evaluating proposals.

A: Offers will be evaluated using the three evaluation criteria detailed in Part 6 of the Request for Proposal.

9. Pages 17 of the RFP; Part 2 Scope of Proposal

2.2 Participation, annual enrollment and fees. Employee participation in MSAs and DCSAs is voluntary, and the employee elects one or more of the accounts and the contribution amount within the limits set by the IRS. In addition to the contribution the Participant elects, an administrative fee per account is deducted pretax from the Participant's paycheck and paid to ASIFlex.

Q: It appears this section indicates that the administrative fee is currently deducted from the participant's paycheck and paid to vendor. Please clarify if PEBA is seeking a self-billing situation. If yes, would it be acceptable for Contractor to issue monthly invoices to the PEBA on behalf of all employers and PEBA issues payment based on the aggregate participant count on the invoices?

A: No. PEBA is not seeking a self-billing situation. Contributions and administrative fees are deducted from Participants' paychecks. The Contractor shall receive payroll data from multiple payroll centers. Each employer is responsible for reporting and sending funds for the actual amount of each payroll deduction every payroll cycle.

10. Page 19; Part 3 Scope of Work;

3.2.1 Receive enrollment data and any changes in enrollment data from PEBA. PEBA will conduct enrollment using its enrollment platform and shall transmit files daily to the Contractor in a mutually agreeable electronic format throughout the plan year. The Contractor shall process enrollment files daily and maintain eligibility from the enrollment data provided by PEBA and refer to PEBA for consideration and PEBA's final decision any questions with respect to a Participant's eligibility.

Q: Should the Contractor anticipate receipt of one daily file that includes aggregated enrollment, eligibility and change in status data from PEBA or should we expect to receive individual enrollment, eligibility, and change in status data from all individual payroll centers?

A: The Contractor shall receive enrollment data and any changes in enrollment data from PEBA via a daily file that includes all data.

Q: Should the Contractor be prepared to offer continuation for any terminated employees who may be able to extend their FSAs through COBRA?

A: Yes.

Q: Are all payroll centers currently using the same electronic file format for sending data?

A: Currently, employers report deductions using a common file format or by entering payroll deduction data through a secure portal.

11. Page 19; Part 3 Scope of Work;

3.2.2 Provide PEBA with a monthly Participant file, in a mutually agreeable format, that contains current Participants only for the purpose of comparison with PEBA's database. PEBA's eligibility database will be considered the system of record and eligibility data stored on the Contractor's systems shall mirror the eligibility data maintained by PEBA.

Q: Would a file that can be exported into Excel format be acceptable?

A: Yes.

12. Page 19; Part 3 Scope of Work;

3.2.3 Use PEBA's enrollment platform to respond to any enrollment questions from Participants and/or employers. PEBA shall provide the Contractor the ability to inquire into PEBA's enrollment eligibility through the platform. The Contractor shall notify PEBA's Operations Manager when one of its employees who have previously been granted access to the enrollment platform leaves employment so that the employee's user rights can be deleted.

Q: Is PEBA requiring that the Contractor go into a PEBA platform (owned or operated by PEBA) and pull questions? If yes, rather than using PEBA's platform, would it be acceptable for the Contractor to provide a toll-free 800 number with available 24/7 live-person service for Participants and employers to reach out directly to Contractor in order to ask questions?

A: The Contractor shall provide toll-free customer service phone lines and appropriate customer service staff to communicate with Participants, employers (payroll centers) and PEBA. The Contractor shall use PEBA's online enrollment platform/database if needed to inquire about any enrollment questions from Participants and/or employers.

13. Page 22; Part 3 Scope of Work;

3.2.4 Provide its personnel to train PEBA staff on IRS eligibility and enrollment guidelines and changes that can be made during the year. Training shall be conducted initially during the implementation phase of the contract, and at least annually thereafter and shall include all updates and changes to IRS guidelines. The training shall take place at PEBA's offices in Columbia, South Carolina.

Q: May the training of PEBA staff during implementation be facilitated through webinars and/or teleconferences? If on-site, how many days of training is anticipated?

A: Yes.

Q: May the annual training of PEBA staff be facilitated through webinars and/or teleconferences?

A: Yes.

14. Page 19; Part 3 Scope of Work;

3.3.2 Disburse amounts, which are payable for one of the benefits provided, or any additional benefits provided in the future, to the Participant within three (3) business days following receipt of a valid and complete reimbursement claim even if this requires a daily financial disbursement. Provide the option of electronic fund transfers (direct deposit) to a Participant's designated financial institution for all claims reimbursement. If a claim is rejected, provide Participant with the specific reason for the rejection in the notification (e.g., documentation is missing date of service). If a claim is rejected a second time, call the Participant to provide details and information about how to submit a valid claim.

Q: We process and reimburse claims daily, Monday through Friday, excluding holidays. Based on our experience, a participant will receive a direct deposit reimbursement within 2-3 business days, provided that their bank account information is valid. However, while a Contractor may *issue* reimbursement via paper check within 3 business days, it may take up to 5 business days for a participant to *receive* a check sent through the US Postal Service. Is PEBA amenable to the timeframe for participant receipt of paper reimbursement checks, which are outside of the Contractor's direct control?

A: Yes. The requirement is that the Contractor issues paper reimbursement checks within three (3) business days from receipt of valid and complete claims. It is understood that it may take additional time for the Participant to receive their reimbursement due to U.S. Postal Service delivery.

Q: If a claim is rejected a second time, rather than call that specific Participant to provide details and information about how to submit a valid claim, would it be acceptable to provide a special claims concierge program to provide the tools to Participants for them to get claims and card substantiation documents processed more quickly the first time. This service would be customized and provide Participants with a hands-on feature whereby we observe patterns at both the employer and Participant-level to make it easier to pay claims. This service is tailored to the Participant based on plan design, call drivers, denial rates, and employer input. The specialized claims concierge team will proactively reach out to help participants navigate the claims resolution process to accelerate reimbursement. They will also take time to educate Participants on best practices and tips to promote a smoother reimbursement experience in the future. As part of this program, claim denial reports are observed by Contractor for a period of time and once we have an idea of why claims are getting denied, a remediation plan is determined which can include any of the following: outreach to members, education campaigns, special WalkMes, MS education, etc.

A: Yes. It is acceptable to provide a special claims concierge program to provide the tools to Participants for them to get claims and card substantiation documents processed more quickly the first time. Additionally, Section 3.3.2 has been updated.

15. Page 19; Part 3 Scope of Work;

3.4.2 If payroll contributions and data provided electronically by a payroll center match, post to a Participant’s account within one (1) business day following submission from the payroll center. If payroll contributions and data provided electronically by a payroll center does not match, contact the payroll center within one (1) business day following submission from the payroll center and follow the appropriate resolution protocol to ensure timely posting of contributions to Participants’ accounts.

Q: Files received from payroll centers are typically posted within 24 hours. For payroll contributions and data provided by the payroll center that do not match, can the timeframe to contact the payroll center within one (1) business day following the submission from the payroll center be extended to 5 business days to allow time for research?

A: No. The Contractor must at a minimum contact the payroll center within one (1) business day.

Q: Is the current administrator meeting this one (1) day requirement now and what is the current method that is being used to contact the payroll center?

A: Yes. The current Contractor is posting a discrepancy report to a secure portal within one (1) business day.

16. Page 20; Part 3 Scope of Work;

3.4.3 Develop, working with PEBA and the payroll centers, necessary policies and procedures for withholding and reporting of applicable payroll deductions for Participants. Compare payroll deductions received with deductions expected and notify the payroll center of any discrepancy. A payroll discrepancy is any situation in which the amount the Contractor receives, or doesn’t receive, does not match the amount expected. Handle the resolution of any discrepancy with the payroll center in an expedited manner. The Contractor is expected to take necessary and persistent action to resolve discrepancies, including but not limited to: providing reports for employers to review and emailing or calling employers. If the Contractor is not able to resolve issues with payroll centers within two payroll cycles and has attempted resolution through email and phone contact, the Contractor should notify PEBA of the issue and PEBA will assist in the resolution of the discrepancy.

Q: Would PEBA consider removing the requirement that the Contractor compare payroll deductions received with deductions expected and notify the payroll center of any discrepancy? As an alternative, would it be acceptable to provide reporting to show the deductions we have received for each individual, but without monitoring each Participant’s goal amount and report/remediate when the expected amount is not received?

A: No.

17. Page 20; Part 3 Scope of Work;

3.4.4 Receive administrative fees and flexible spending account contributions deducted from each Participant's compensation on a pretax basis from each payroll center. The quoted administrative fee per account per Participant per month (year) multiplied by the number of Participants enrolled for each month shall be full payment for all services rendered by the Contractor under this contract. The total monthly administrative fee received is the sum of the administrative fees for each account type. Each payroll center shall remit administrative fees and flexible spending account contributions to the Contractor according to each payroll center's pay cycle, but no less than monthly during the term of the contract.

For purposes of calculating the administrative fee, Participant includes and is limited to all active employees, excluding any dependents thereof, who elected to participate in a flexible account.

Q: For flexible spending account contributions, please clarify if actual funds will be sent or deduction amount data?

A: Each employer is responsible for reporting the actual amount of each payroll deduction every payroll cycle and sending funds.

Q: Would PEBA consider removing the requirement that if the Contractor is not able to resolve issues with payroll centers within two payroll cycles, the Contractor should notify PEBA of the issue and PEBA will assist in the resolution of the discrepancy?

A: No.

Q: Would PEBA accept receiving one invoice for all Employers that could include location codes to be used by PEBA?

A: No. Each employer is responsible for reporting the actual amount of each payroll deduction every payroll cycle and sending funds.

Q: Would PEBA consider sending in one administrative fee payment based on Contractor's administrative fee invoice?

A: No. Each employer is responsible for reporting the actual amount of each payroll deduction every payroll cycle and sending funds, including administrative fees.

18. Page 20; Part 3 Scope of Work;

3.5.1 Coordinate and establish carrier file data feeds from PEBA’s insurance carriers (health, dental and vision) for automatic claims processing. Accept files from PEBA’s insurance carriers and use the data to either substantiate stored value card (debit card) transactions or substantiate other claims submitted by the Participant for reimbursement. Unused claims from PEBA’s insurance carriers should be made available for a Participant to use to substantiate outstanding card transactions in a user-friendly format. PEBA’s health and dental plans are currently administered by BlueCross BlueShield of South Carolina. PEBA’s vision plan is currently administered by EyeMed Vision Care®.

Q: Please provide clarification regarding ‘*other claims submitted by the Participant*’ in relation to coordination of carrier files for automatic processing. Does PEBA wish to allow out-of-pocket claim amounts to be presented to the user on the participant portal, whereby they can choose if they want to pay the provider directly, pay themselves back (if the claim was already paid for out of pocket), or use a claim as a substitute receipt for an outstanding card transaction requiring a receipt?

A: Participants should have the ability to use the data received from PEBA’s insurance carriers as an alternative to providing other documentation to substantiate a claim if a transaction cannot be auto-adjudicated.

19. Page 21; Part 3 Scope of Work;

3.6.4. Allow Participants who have outstanding Stored Value Card transactions from the previous plan year the opportunity to submit documentation by October 1 before reclassification of contributions. Communicate to these Participants by September 1 of the opportunity to provide documentation and explain outstanding transactions will be reclassified as taxable income.

Q: Would PEBA consider removing this requirement?

A: No.

20. Page 21; Part 3 Scope of Work;

3.8.2 Respond to inquiries from Participants and benefits administrators within twenty-four (24) hours.

Q: In general, outbound calls and emails are not supported as our infrastructure is set up as primarily as an inbound call center. Would it be acceptable if Contractor agrees to return 100% of calls related to known quality issues within one business-day of resolution (rather than 24 hours)? Known quality issues are defined as escalated issues presented by PEBA and validated as a quality issue by our quality monitoring team (i.e. incorrect information was provided by the agent where coaching is required). Would it also be acceptable to exclude email inquires? For privacy and security purposes, we have discontinued the use of email in our call centers. Please confirm if this is acceptable.

A: PEBA expects the Contractor to respond to inquiries from Participants and benefits administrators within twenty-four (24) hours. Offerors should describe their procedures to ensure a prompt response to all inquiries from Participants, benefits administrators and PEBA in their response to the Request for Proposals (Section 5.1.4.8).

21. Page 22; Part 3 Scope of Work;

3.8.5 Provide Participants with an internal appeals process in accordance with the State Flexible Benefits Plan provisions, and cooperate with PEBA in its review process for appeals under the State Flexible Benefits Plan.

Q: Please confirm whether PEBA is expecting the Contractor to handle all appeals or if Contractor will handle only first appeal and PEBA will handle second level appeals.

A: The Contractor shall provide a first-level internal appeals process for reimbursement or claim for benefits appeals. Appeals related to enrollment decisions must be sent to PEBA initially.

22. Page 22; Part 3 Scope of Work;

3.9.4 Ensure that all informational materials, letters, notices and collateral are cobranded with PEBA's logo and the Contractor's logo according to PEBA's brand guidelines for vendors. The Contractor's logo should be labeled as "Administered by:" to reflect the relationship between PEBA and the Contractor. The contractor should follow other guidelines including size of logo, colors, typography and other styles as identified in the identity guidelines and will also adhere to Associated Press style guidelines. All materials must be reviewed and approved by PEBA's Communications Department prior to use.

Q: Would it be acceptable to exclude all system generated notifications such as, but not limited to, the following?

- i Notification that a claim has been processed.**
- ii Notification that claim has been approved.**
- iii Notification that card substantiation is required.**

A: Yes.

Q: PEBA is the plan administrator as that term is generally understood. In order to avoid confusion, we do not recommend including the phrase: "Administered by:" as part of the Contractors Logo. Would it be acceptable to use the phase "Administrative Services provided by:"?

A: Yes.

23. Page 22; Part 3 Scope of Work;

3.9.5 Develop and distribute approved State Flexible Benefits Plan communications materials and items.

Q: Please clarify if distribution of communications materials and items envisions hard copies being sent by USPS mail. If hard copies, please detail the specific communications that will require being send by USPS mail, including the numbers of copies anticipated.

A: Approved communications materials and items include, but are not limited to content for multiple, targeted, digital campaigns to promote MoneyPlus benefits, services and initiatives.

Q: Does this only include (i) notification of benefits elections and changes to Participants, (ii) welcome packets and (iii) confirmation notices for all new Participants of the State Flexible Benefits Plan?

A: Account-specific communications are included in Section 3.9.6.

24. Page 22; Part 3 Scope of Work;

3.9.6 Develop and distribute approved Participant account-specific communications materials and items. Information specific to a Participant's account shall be printed and mailed to the employee's address on file unless the employee has elected a paperless delivery option. These include but are not limited to: notification of benefits elections and changes to Participants; and, welcome packets and confirmation notices for all new Participants of the State Flexible Benefits Plan. Notices and materials must be reviewed and approved by PEBA's Communications Department prior to use.

Q: Please clarify which communications must be printed and mailed to the employee's address on file. Please also include the numbers of copies anticipated.

A: Section 3.9.6 has been amended. The Offeror should propose a default method of mailing communications to members (i.e., email or mail).

Q: Other than the specific communications required to be sent by USPS mail, is it acceptable that the default will then be that paperless delivery, and that in order to receive hard copies, the employee must elect a hard copy delivery option?

A: Yes. PEBA expects the Contractor to explain which communications are required by law to be sent by USPS mail. Section 3.9.6 has been amended. The Offeror should propose a default method of mailing communications to members (i.e., email or mail).

25. Page 22; Part 3 Scope of Work;

3.9.9 Provide a customized website that is accessible without entering a password that includes information specific to the State Flexible Benefits Plan's benefits and features. The website, and any software programs residing on the website, shall be updated as needed to conform to applicable changes in federal tax laws and regulations. The website shall explain the benefits and value of enrolling in the State Flexible Benefits Plan's features, in accordance with applicable rules and information that allows a potential Participant to calculate his possible savings through participation in the State Flexible Benefits Plan (based on salary; federal, state and FICA tax impact; and contributions paid pretax). Website content must be reviewed and approved by PEBA's Communications Department prior to use.

Q: For security purposes, our employer and participant websites require the use of a password. No password is necessary to access our corporate website to view federal regulations, benefits, tax savings, etc. Would it be acceptable to PEBA for us to develop a micro-site which does not require a password?

A: Yes.

Q: If a microsite is acceptable, would it be acceptable to provide a site specific for PEBA that would be cobranded and product specific, but the content not customizable?

A: No. See Section 3.9.9.

26. Page 23; Part 3 Scope of Work

3.9.10 Provide individual account balance statements that shall be furnished to Participants at least quarterly. The balance statements shall include the balance available in the account available for each account in which a Participant is enrolled, the amount contributed for the plan year and the claims paid during the plan year. Provide other statements/reports to individual Participants as are required by law, in connection with the State Flexible Benefits Plan. All statements and reports must be cobranded and approved by PEBA's Communications Department.

Q: Would PEBA consider removing the co-branding requirement on the account statements?

A: Yes.

Q: Would PEBA allow for the provision of a standard, online activity statement, and the option for participants to receive account status notifications according to their selected preferences?

A: Yes.

27. Page 23; Part 3 Scope of Work

3.10.1 Adhere to their PEBA specific (not book of business) performance standards and related liquidated damages for deviation from those performance standards as agreed to between PEBA and the Contractor. Within 30 days of the close of each quarter, report to PEBA on the achievement of performance standards for the previous quarter and identify all performance standards that were not met and the related liquidated damages. Payment of liquidated damages shall be made to PEBA by check on a quarterly basis, within 30 days of the close of each quarter. PEBA cannot accept liquidated damages as an invoice credit in the month following the quarterly measurement. Achievement of Performance Guarantees is subject to independent verification by PEBA.

Q: Would PEBA consider allowing performance to be measured based on Contractor's book of business?

A: No.

Q: Would PEBA consider removing the performance measurement relating to responding to inquires within 24 hours?

A: No.

Q: Would PEBA consider modifying the Performance Measurement “Process reimbursement checks to State Flexible Benefit Plan Participants (disbursed, denied, pending) within three (3) business days following receipt.” To: “Process reimbursement checks to State Flexible Benefit Plan Participants (disbursed, denied, pending) within five (5) business days following receipt.”?

A: No.

Q: Would PEBA consider removing the requirement that payment of liquidated damages be made to PEBA by check rather than as an invoice credit in the month following the quarterly measurement?

A: No.

28. Page 24; Part 3 Scope of Work;

3.11.1 Provide reports to PEBA concerning participation in and administration of the State Flexible Benefits Plan. All data shall be reported on a calendar month basis and provided to PEBA at a minimum with the frequency specified below. Reports should include at a minimum the information listed in each applicable attachment.

Q: Does each required report need to be in substantially the same format as set forth in Attachments 7 through 15? Or may the requested information be provided in the Contractor’s standard report format or as otherwise mutually agreed to between the parties?

A: Each report must at a minimum include the information listed in the attachments. PEBA will work with the Contractor to determine a mutually agreeable format.

29. Page 24; Part 3 Scope of Work;

3.11.3 Provide a SOC1 report to PEBA by August 15 each year. A SOC1 report must be submitted, and a SOC2 report should be submitted if one is available. The report should cover no less than 50% of the period in which the Contractor provided services to PEBA through June 30 of the same year.

Q: Would PEBA agree to enter into as specific Non-Disclosure Agreement relating specifically to the SOC Reports?

A: No. Please refer to Clause 1.28, DISCLOSURE OF YOUR BID / PROPOSAL and SUBMITTING CONFIDENTIAL DATA (FEB 2021). The successful contractor may list this item as confidential annually.

30. Page 24; Part 3 Scope of Work;

3.11.4 Provide a thorough and complete Service Provider Security Assessment Questionnaire (See Attachment 3) to PEBA’s Risk Management and Compliance Director by August 15 each year.

Q: Would PEBA agree to changing this language to reflect that Contractor will provide its own standard “Due Diligence Package” which includes a full SIG and supporting documents?

A: No. The RFP stands as written.

31. Page 24; Part 3 Scope of Work;

3.11.5 Provide, periodically, additional reports reasonably consistent with available data that is necessary to properly evaluate the program. No additional charges will be paid by PEBA for these reports or any other reports requested concerning the performance of the contract.

Q: Would PEBA consider limiting periodic reports to no more than once per year?

A: No, but we do not anticipate requesting many additional reports.

Q: We respectfully request that PEBA allow for coordination of all anticipated periodical reporting requirements (with the Comptroller General for State agencies and individually for all other payroll centers), during implementation of one common data exchange mode, during the first year of the contract term.

A: Individual payroll centers will not be requesting periodic reports from the Contractor.

32. Page 24; Part 3 Scope of Work

3.12.1 Maintain a separate account in PEBA's name for the purpose of maintaining Participant contributions and for the funding of claim disbursements under the State Flexible Benefits Plan and this contract. The Contractor shall perform all administrative and recordkeeping functions necessary to ensure accurate disbursement of the Participants' contributions and accurate accounting of the Participants' accounts. No other funds shall be combined in this separate bank account with state funds. The Contractor will send a monthly bank statement and bank reconciliation to PEBA, reflecting all transactions in the account during the month (See Section 3.11.1). The expense of maintaining the bank account shall be borne by the Contractor. Accumulated funds in the separate bank account shall be invested in short-term interest-bearing investments that are FDIC insured. Any interest earned on the investments shall be credited to PEBA on an annual basis. The interest shall be held and accumulated by the Contractor and disbursed only at the express direction of PEBA.

Q: Rather than maintaining a separate account in PEBA's name for the purpose of maintaining Participant contributions and for the funding of claim disbursements under the State Flexible Benefits Plan and this contract, would it be acceptable to deposit in an omnibus processing account, which would be appropriately subdivided to maintain separate records for each of Contractor clients?

A: No. The RFP stands as written.

Q: Rather than the requirements surrounding interest, would the PEBA consider removing those requirements and allowing the Contractor to retain the interest as part of its compensation for services?

A: No. The RFP stands as written.

33. Page 24; Part 3 Scope of Work;

3.12.3 Return to PEBA, no more frequently than annually, forfeited spending account balances, and stale dated checks and interest. Accumulated forfeitures and interest shall be used to offset Medical Spending Account reimbursements in excess of contributions (See Attachment 7 and Attachment 8).

Q: Would PEBA consider removing the requirement that interest be included when returning the forfeited spending account balances and stale dated checks?

A: No. The RFP stands as written.

34. Page 25; Part 3 Scope of Work;

3.13.2 Comply fully with all current and future updates of the security requirements of PEBA, as well as with all applicable state and federal requirements, in performance of this contract.

Q: Would PEBA be willing to agree that the requirement to comply with future updates of the security requirements of PEBA would apply provided such updates abide/align to industry best practices and NIST CSF/NIST SP 800-53r5?

A: Yes.

35. Page 25; Part 3 Scope of Work;

3.13.3 Complete a due diligence process annually or as otherwise requested by PEBA or its designated third party. This process may include a written questionnaire and, in some cases, could require an onsite visit from PEBA or its designated third party. In addition, PEBA will follow up on exceptions and qualified opinions that are identified in SOC reports.

Q: Would PEBA be willing to agree that any onsite visit will be upon advance reasonable notice, upon a mutually agreed upon scope and upon a mutually agreed upon date and time?

A: Yes.

Q: Would PEBA be willing to agree that assessments will be limited to no more than once annually?

A: Yes.

36. Page 25; Part 3 Scope of Work;

3.13.4 PEBA maintains the right to request a third-party vendor or an individual who is involved with PEBA data and/or systems be removed from the further interaction with PEBA's data and/or systems.

Q: All third-party vendors service Contractor's entire client base. It would not be feasible to remove a third-party vendor and continue to provide services to PEBA. Based on the foregoing, would it be acceptable to add a reasonableness standard as part of the request language?

A: The clause stands as written.

37. Page 25; Part 3 Scope of Work;

3.14.2 Submit the Final Implementation Plan to PEBA for review and approval within ten (10) business days after the notice of intent to award becomes the final statement of award (tentatively December 28, 2022). Implementation activities shall not commence prior to PEBA's approval of the Final Implementation Plan.

Q: Would PEBA allow for 30 business days, after the notice of intent to award becomes the final statement of award, for provision of the Final Implementation Plan?

A: No. The RFP stands as written.

Q: By what date does PEBA expect the first phases of implementation to begin?

A: PEBA expects implementation to begin as soon as reasonably possible after awarding the contract.

38. Page 25; Part 3 Scope of Work

3.14.5 Pay PEBA the amount of \$500 per business day in the event of any failure by the Contractor to adhere to the Final Implementation Plan, as agreed upon between the Contractor and PEBA (and without the express written waiver of PEBA before the date of the agreed upon time for completion). If, after 15 days' notice, the Contractor has failed to pay any amount due hereunder, the amount shall be withdrawn from the security (See Section 7.56 Security for Performance, Damages).

Q: Please confirm that written waivers, issued by PEBA before the date of the agreed upon time for completion, and changes by mutual agreement, will avoid the necessity to withdraw penalty funds from the security.

A: Confirmed.

Q: Please confirm that PEBA is willing to work with the Contractor's internal teams to expedite resolution of project delays that may arise during coordination of custom development.

A: Confirmed.

39. Page 26; Part 3 Scope of Work

3.15.1.5 first bullet; For the period January 1st to March 31st of the year following termination, for no additional compensation, continue to process reimbursements to eligible State Flexible Benefits Plan Participants in accordance with IRS Guidelines for the prior year.

Q: Does this mean that PEBA will not be continuing to pay the monthly administration fees for Participants whose claims are being processed after termination of the contract? If that is the case will PEBA consider removing this restriction?

A: Administrative fees are deducted from Participants' paychecks and remitted by each payroll center. PEBA does not pay administrative fees to the Contractor. Administrative fees and contribution amounts are deducted during the plan year (January to December), but the Contract must continue to process reimbursements for the prior plan year through the reimbursement deadline in the following year.

Q: It is strongly recommended that the new administrator take over run-out processing of the prior plan year, while administering the new plan. Will PEBA consider removing the requirement that for the period January 1st to March 31st of the year following termination, the Contractor must continue to process reimbursements to eligible State Flexible Benefits Plan Participants in accordance with IRS Guidelines for the prior year?

A: No.

40. Page 26; Part 3 Scope of Work

3.15.1.5. fourth bullet; The Contractor shall file all required federal and state tax forms for the last plan year on behalf of the State Flexible Benefits Plan.

Q: Please specifically indicate the exact federal and state tax forms that PEBA is expecting the Contractor to file?

A: PEBA expects the Contractor to file all required federal and state tax forms. See Section 3.11.2.

Q: Rather than Contractor actually filing any federal and state tax forms, is it acceptable that Contractor provide the necessary data and information to PEBA in order to enable PEBA to file any required tax forms?

A: No.

Q: Does PEBA want the Contractor to file the 5500 forms on their behalf?

A: PEBA expects the Contractor to file all required federal and state tax forms. See Section 3.11.2.

41. Page 28; Part 5.1.2 Executive Summary

Subcontracting: Offerors should identify any subcontractor(s) by name, define the relationship, the work which they are to perform on this contract and the years of experience. The Offeror's contract with the subcontractor(s) shall require the subcontractor(s) to comply with all of the requirements contained in this RFP.

Q: No subcontractors are being specifically retained to service PEBA. All subcontractors service our entire book of business, and all subcontracts are already in place. Rather than require the Offeror's contract with the subcontractor(s) to require the subcontractor(s) to comply with all of the requirements contained in this specific RFP, is it acceptable that Offeror contractually agrees with PEBA that its subcontractors will comply with the all requirements of the RFP and that Offeror will be responsible for all acts or omissions of its subcontractors?

A: Yes.

42. Page 29; Part 5

5.1.4.2.2 Describe how you will ensure that eligibility data stored on your systems will mirror the eligibility data maintained by PEBA. How many of your employees will need access to EBS in order to respond to any enrollment questions from Participants?

Q: Contractor anticipates the ability to rely upon the information provided by PEBA without qualification. However, in order to ensure that data stored on the Contractor's system will mirror the data maintained by PEBA, an advisory report can be generated which would highlight any changes. Is PEBA willing to coordinate the review of file advisories as part of the eligibility data reconciliation process?

A: See Section 3.2.2.

43. Page 32; Part 5

5.1.4.10 Provide your PEBA specific monthly performance standards and related liquidated damages for deviation from those performance standards in, at a minimum, the following PEBA performance measurement areas as outlined in the table below. Describe how performance standards will be measured and reported on a quarterly basis. You may propose additional performance standards and related liquidated damages above the minimum requirements below. These performance standards and liquidated damages will remain in effect during the twelve (12) months following the end of the contract period during which the Contractor has continuing obligations under Section 3.15.

Q: There is no Section 3.15 in the RFP. Please clarify the section being referenced.

A: See Section 3.15, Transition Plan.

Q: Would PEBA consider allowing performance to be measured based on Contractor's book of business?

A: No.

Q: Would PEBA consider removing the performance measurement relating to responding to inquires within 24 hours?

A: No.

Q: Would PEBA consider modifying the Performance Measurement "Process reimbursement checks to State Flexible Benefit Plan Participants (disbursed, denied, pending) within three (3) business days following receipt." To: "Process reimbursement checks to State Flexible Benefit Plan Participants (disbursed, denied, pending) within five (5) business days following receipt."?

A: No.

Q: Would PEBA consider removing the requirement that payment of liquidated damages be made to PEBA by check rather than as an invoice credit in the month following the quarterly measurement?

A: No.

44. Page 36 through 52; Part 7

7.1 ASSIGNMENT, NOVATION, AND CHANGE OF NAME, IDENTITY, OR STRUCTURE (FEB 2015):

Q: Rather than as currently required, will PEBA consider allowing Contractor to assign this Agreement to any affiliate or as part of the sale of any substantial portion of its assets, or pursuant to any merger, consolidation or other reorganization, without PEBA's prior written consent?

A: The clause stands as written.

7.24 CHANGES (JAN 2006):

Q: Rather than as currently required, will PEBA consider modifying this language so that all requested changes by PEBA, regardless of whether PEBA deems it within the general scope of this contract, would require the mutual written agreement of both parties, including the exact scope of the change and any additional costs required?

A: The clause stands as written.

7.30 CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015):

Q: Will PEBA agree to the following?

i. Rather than as indicated in subsection (b), will PEBA agree that only the Commercial General Liability insurance will include PEBA as an additional insured?

A: Yes, the clause has been amended.

ii. Rather than as indicated in subsection (b), will PEBA agree that only the Commercial General Liability insurance shall be primary to and non-contributory with insurance maintained by PEBA.

A: Yes, the clause has been amended.

iii. With regard to subsection (d), will PEBA remove the provision that it reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by this section, at any time?

A: Yes, the clause has been amended.

iv. With regard to subsection (g), will PEBA agree to remove the right to approve any deductibles, or in the alternative agree to use a reasonableness standard in determining Contractor's ability to pay losses and related investigations, claim administration, and defense expenses within the retention?

A: Yes, the clause has been amended.

7.31 CONTRACTOR'S LIABILITY INSURANCE–INFORMATION SECURITY AND PRIVACY (FEB 2015)

Q: Will PEBA agree to the following?

i Rather than as indicated in subsection (h), will PEBA remove the requirement that its officers, officials, employees and volunteers, be covered as additional insureds on the policy or policies of insurance required by this clause?

A: Yes, the clause has been amended.

ii Rather than as indicated in subsection (i), will PEBA remove that requirement that (a) for any claims related to this contract, the insurance coverage required by this clause shall be primary insurance as respects the State, PEBA, its officers, officials, employees and volunteers and (b) that any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor's insurance and may contribute with it?

A: Yes, the clause has been amended.

iii With regard to subsection (j), will PEBA waive the provision that it reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by this section, at any time?

A: Yes, the clause has been amended.

iv Rather than as indicated in subsection (l), will PEBA remove the granting of a waiver of any right to subrogation.

A: No. The RFP stands as written.

v With regard to subsection (m), will PEBA agree to remove the right to approve any deductibles, or in the alternative agree to use a reasonableness standard in determining Contractor's ability to pay losses and related investigations, claim administration, and defense expenses within the retention?

A: Yes, the clause has been amended.

7.33 DEFAULT (JAN 2006):

Q: Will PEBA agree to remove subsection (b) that, in the event of a default, PEBA may acquire, under the terms and in the manner the Procurement Officer considers appropriate, supplies or services similar to those terminated, and that the Contractor will be liable to the State for any excess costs for those supplies or services?

A: The clause stands as written.

7.37 INDEMNIFICATION - THIRD PARTY CLAIMS - GENERAL

Q: In subsection (a) will PEBA agree to redraft this language limiting an indemnity only to situations where the third party's claim arises out of or are in connection with the services acquired under this Contract, solely to the extent caused by Contractor's (i) failure to comply with applicable law, (ii) breach of this Agreement, or (iii) negligence or willful misconduct?

A: The clause stands as written.

Q: In subsection (a) will PEBA agree to add language neither party shall be liable for any indirect, special, incidental or consequential damages of any kind?

A: The clause stands as written

Q: In subsection (a) will PEBA agree to modify language in the first sentence to reflect that the parties agree to a limitation of liability not to exceed fees actually paid by PEBA to Contractor under this Agreement in the twelve months preceding the date on which the cause of action arose.

A: The clause stands as written.

Q: In subsection (b) will PEBA agree to redraft this language so that PEBA give Contractor written notice of each claim, if any, promptly after the PEBA's first knowledge thereof, and that Contractor may direct the defense of its interests; provided, however, PEBA is entitled to retain counsel to provide for its own defense unless or until provided reasonable notice by the Contractor of its intent to direct the defense?

A: The clause stands as written.

7.38 INDEMNIFICATION - THIRD PARTY CLAIMS – DISCLOSURE OF INFORMATION:

Q: In subsection (a) will PEBA agree to redraft this language limiting an indemnity only to situations where the third party’s claim arises out of or are in connection with the services acquired under this Contract, solely to the extent caused by Contractor’s (i) failure to comply with applicable law, (ii) breach of this Agreement, or (iii) negligence or willful misconduct?

A: The clause stands as written.

Q: In subsection (a) will PEBA agree to add language neither party shall be liable for any indirect, special, incidental or consequential damages of any kind?

A: The clause stands as written.

Q: In subsection (b) will PEBA agree to redraft this language so that PEBA give Contractor written notice of each claim, if any, promptly after the PEBA’s first knowledge thereof, and that Contractor may direct the defense of its interests; provided, however, PEBA is entitled to retain counsel to provide for its own defense unless or until provided reasonable notice by the Contractor of its intent to direct the defense?

A: The clause stands as written.

Q: In subsection (c) will PEBA agree to modify the language to reflect that the parties agree to a limitation of liability not to exceed fees actually paid by PEBA to Contractor under this Agreement in the twelve months preceding the date on which the cause of action arose.

A: The clause stands as written.

7.39 INDEMNIFICATION - INTELLECTUAL PROPERTY (JAN 2006):

Q: Will PEBA agree to redraft this language to (i) remove the language requiring refund to State of any charges paid by State and (ii) allow Contractor to terminate the Agreement without penalty in the event Contractor is unable to (1) procure for State the right to continue to use, or have used, the acquired item, or (2) replace or modify the acquired item so that it becomes non-infringing?

A: The clause stands as written.

Q: Will PEBA agree to add language neither party shall be liable for any indirect, special, incidental or consequential damages of any kind?

A: The clause stands as written.

7.48 PRICING DATA -- PRICE ADJUSTMENT - LIMITED-AFTER INITIAL TERM ONLY (JAN 2006):

Q: Please confirm this provision only applies to increases in prices. In the event this also applies to decreases in process, will PEBA agree to add language to reflect that any decrease in price requires mutual written agreement between the parties.

A: Confirmed. This applies only to price increases.

7.53 SERVICE PROVIDER SECURITY ASSESSMENT QUESTIONNAIRE - REQUIRED (FEB 2015):

Q: In the event future assessments are required, may Contractor provide its own pre-filled Due Diligence Package and supporting documents in lieu of completing the PEBA custom assessment?

A: The Contractor may submit additional documentation; however, the Contractor must still complete the PEBA assessment.

Q: Can language be added to reflect that assessments be limited to once annually and not within the same calendar year regarding an on-site assessment or virtual on-site assessment.

A: No. the RFP stands as written.

7.55 TERMINATION FOR CONVENIENCE (JAN 2006):

Q: Regarding Subsection (2), no subcontractors are retained solely for this contract. All subcontractors service Contractor's entire client base and the services within a subcontract are not sub-dividable. Based on the foregoing, will PEBA agree to remove the right of the Procurement Officer to direct the Contractor to assign the Contractor's right, title, and interest under terminated orders or subcontracts to the State?

A: The clause stands as written.

Q: Regarding Subsection (3), supplies are not relevant to the services being provided. Based on the foregoing, will PEBA agree to remove this section?

A: The clause stands as written.

7.56 SECURITY FOR PERFORMANCE, DAMAGES:

Q: Contractor requests that the PEBA consider removing the requirement of security for any Contractor that can reasonably establish its financial wherewithal for the faithful performance of this contract.

A: The clause stands as written.

ADDITIONAL CONTRACT PROVISIONS:

Q: Will PEBA consider including the following provisions in any contract?

i In no event shall Contractor be liable for any incidental, consequential, special or punitive damages (including, without limitation, lost profits, lost business, loss of data or cost of substitute goods) arising out of or in connection with this Agreement or the Services performed hereunder under any theory of liability (whether in contract, tort, strict liability or otherwise).

A: No. the RFP stands as written.

ii. PEBA acknowledges and agrees that it is the "plan administrator" and "fiduciary" of such employee benefit plans or programs (each a "Plan" or, collectively, the "Plans") sponsored by PEBA, and that CONTRACTOR is an independent contractor engaged to perform the agreed upon Services in a non-fiduciary capacity. PEBA must obtain the prior written consent of CONTRACTOR for all references to CONTRACTOR, or to its products or services, in all communications or documents pertaining to the Plan(s) prepared by PEBA, or on PEBA's behalf, unless the reference identifies CONTRACTOR only as a service provider or the reference is required in an IRS Form 5500 or similar filing or document required by the Internal Revenue Code of 1986, as amended (the "Code"). Without limiting the foregoing, in no event may PEBA identify or refer to CONTRACTOR as "administrator," "plan administrator," "plan sponsor," "fiduciary," "plan fiduciary," or any similar title. It is understood and agreed between CONTRACTOR and PEBA that any such written consent of CONTRACTOR shall not be considered a representation that CONTRACTOR has reviewed or approved the content of such communication or document. PEBA has the sole responsibility to pay all fees or penalties arising from the Plans that are assessed by the Internal Revenue Service, the Department of Labor, and/or other federal, state, or local governmental agencies.

A: No. However, PEBA confirms the Contractor is not a fiduciary.

The following questions were submitted in writing by Vendor C. (Answers follow.)

45. Is the contractor the fiduciary.

A: No.

46. Can you expand on comparing payroll filing and how is that reported to contractor? (section 3.4)

A: Each employer is responsible for reporting the actual amount of each payroll deduction every payroll cycle. Currently, employers report deductions using a common file format or by entering payroll deduction data through a secure portal. Most employers send the actual funds to the current Contractor via an ACH transaction; however, some employers remit funds via check. The expected payroll deduction amounts are compared to the payroll deduction file and actual funds sent by the employer each payroll cycle. PEBA expects the Contractor to develop, working with PEBA and the payroll centers, necessary policies and procedures for withholding and reporting of applicable payroll deductions for Participants.

47. Please confirm one general account on behalf of PEBA that funds will be drawn from for all payroll centers. (section 3.12.1)

A: The Contractor shall maintain a separate account in PEBA's name for the purpose of maintaining Participant contributions and for the funding of claim disbursements. The Contractor shall receive payroll contributions from multiple payroll centers, which will be deposited into the separate account in PEBA's name.

48. Are participants called now when claims are denied twice with the current vendor?

A: The current vendor does not call Participants when a claim is denied a second time. Section 3.3.2 has been amended.

49. Why is PEBA out to bid?

A: The current contract expires December 31, 2023. Additionally, the procurement falls under the purview of the *South Carolina Consolidated Procurement Code* which requires public solicitation at the end of the term.

50. Any issues with the current provider, ASIFlex?

A: No. This procurement falls under the purview of the *South Carolina Consolidated Procurement Code* which requires public solicitation at the end of the term.

51. Current PGs that are in place today?

A: That information is proprietary and confidential. Offerors should propose their PEBA specific monthly performance standards and related liquidated damages for deviation from those performance standards in, at a minimum, the performance measurement areas outlined in the table in Section 5.1.4.10.

52. Is the prefund based on Daily, Weekly, Monthly or Annual claims funding? Is the expectation to reimburse the contractor as claims are paid or will PEBA send funds to the contractor as they are deducted from participants' pay?

A: See Section 3.12.2. The annual prefunding amount is based on total annual contribution elections.