

**REQUEST FOR PROPOSALS FOR**

**COBRA Administration**

**ISSUING OFFICE**

**Pennsylvania Turnpike Commission**

**Human Resources Department**

**RFP NUMBER**

**11-10380-2953**

**DATE OF ISSUANCE**

**March 4, 2011**

# **REQUEST FOR PROPOSALS FOR**

## **COBRA Administration**

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## PART I

### GENERAL INFORMATION FOR PROPOSERS

**I-1. Purpose.** This request for proposals (RFP) provides interested Proposers with sufficient information to enable them to prepare and submit proposals for consideration by the Pennsylvania Turnpike Commission (Commission) to satisfy a need for the Administration of COBRA Benefits.

**I-2. Issuing Office.** This RFP is issued for the Commission by the Human Resources Department.

**I-3. Scope.** This RFP contains instructions governing the proposals to be submitted and the material to be included therein; a description of the service to be provided; requirements which must be met to be eligible for consideration; general evaluation criteria; and other requirements to be met by each proposal.

**I-4. Problem Statement.** The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) requires the PTC to offer members who have a COBRA-qualifying event due to a loss of benefits the opportunity to purchase medical, prescription, dental, and vision benefits similar to those offered to regular employees. The PTC is seeking a COBRA Administrator to provide services in compliance with the COBRA Act.

**I-5. Type of Contract.** It is proposed that if a contract is entered into as a result of this RFP, the payment model will be based on a fixed fee. The Commission may in its sole discretion undertake negotiations with Proposers whose proposals as to price and other factors show them to be qualified, responsible, and capable of performing the work.

**I-6. Rejection of Proposals.** The Commission reserves the right to reject any and all proposals received as a result of this request, or to negotiate separately with competing Proposers.

**I-7. Subcontracting.** Any use of subcontractors by a Proposer must be identified in the proposal. During the contract period use of any subcontractors by the selected Proposer, which were not previously identified in the proposal, must be approved in advance in writing by the Commission.

A firm that responds to this solicitation as a prime may not be included as a designated subcontractor to another firm that responds to the same solicitation. **Multiple responses under any of the foregoing situations may cause the rejection of all responses of the firm or firms involved.** This does not preclude a firm from being set forth as a designated subcontractor to more than one prime contractor responding to the project advertisement.

**I-8. Incurring Costs.** The Commission is not liable for any costs the Proposer incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of contract.

**I-9. Questions and Answers.** Written questions may be submitted to clarify any points in the RFP which may not have been clearly understood. Written questions should be submitted by email to [RFP-Q@paturndpike.com](mailto:RFP-Q@paturndpike.com) with **RFP 11-10380-2953** in the Subject Line to be received no later than **2:00 P.M., Wednesday, March 16, 2011**. All questions and written answers will be posted to the website as an addendum to and become part of this RFP.

**I-10. Addenda to the RFP.** If it becomes necessary to revise any part of this RFP before the proposal response date, addenda will be posted to the Commission's website under the original RFP document. It is the responsibility of the Proposer to periodically check the website for any new information or addenda to the RFP.

The Commission may revise a published advertisement. If the Commission revises a published advertisement less than ten days before the RFP due date, the due date will be extended to maintain the minimum ten-day advertisement duration if the revision alters the project scope or selection criteria. Firms are responsible to monitor advertisements/addenda to ensure the submitted proposal complies with any changes in the published advertisement.

**I-11. Response.** To be considered, proposals must be delivered to the Pennsylvania Turnpike Commission's Contracts Administration Department, Attention: **Stephanie Newbury** on or before **12:00 P.M., Wednesday, April 13, 2011.** The Pennsylvania Turnpike Commission is located at 700 South Eisenhower Boulevard, Middletown, PA 17057 (Street address). Our mailing Address is P. O. Box 67676, Harrisburg, PA 17106.

**Please note that use of U.S. Mail delivery does not guarantee delivery to this address by the above-listed time for submission.** Proposers mailing proposals should allow sufficient delivery time to ensure timely receipt of their proposals. If the Commission office location to which proposals are to be delivered is closed on the proposal response date, due to inclement weather, natural disaster, or any other cause, the deadline for submission shall be automatically extended until the next Commission business day on which the office is open. Unless the Proposers are otherwise notified by the Commission, the time for submission of proposals shall remain the same.

**I-12. Proposals.** To be considered, Proposers should submit a complete response to this RFP, using the format provided in PART II. Each proposal should be submitted in **Seven (7) hard copies and one complete and exact copy of the technical proposal on CD-ROM in Microsoft Office or Microsoft Office-compatible format** to the Contracts Administration Department. No other distribution of proposals will be made by the Proposer. Each proposal page should be numbered for ease of reference. Proposals must be signed by an official authorized to bind the Proposer to its provisions and include the Proposer's Federal Identification Number. For this RFP, the proposal must remain valid for at least **180** days. Moreover, the contents of the proposal of the selected Proposer will become contractual obligations if a contract is entered into.

Each and every Proposer submitting a proposal specifically waives any right to withdraw or modify it, except as hereinafter provided. Proposals may be withdrawn by written or telefax notice received at the Commission's address for proposal delivery prior to the exact hour and date specified for proposal receipt. However, if the Proposer chooses to attempt to provide such written notice by telefax transmission, the Commission shall not be responsible or liable for errors in telefax transmission. A proposal may also be withdrawn in person by a Proposer or its authorized representative, provided its identity is made known and it signs a receipt for the proposal, but only if the withdrawal is made prior to the exact hour and date set for proposal receipt. A proposal may only be modified by the submission of a new sealed proposal or submission of a sealed modification which complies with the requirements of this RFP.

**I-13. Economy of Preparation.** Proposals should be prepared simply and economically, providing a straightforward, concise description of the Proposer's ability to meet the requirements of the RFP.

**I-14. Discussions for Clarification.** Proposers who submit proposals may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Proposer responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

**I-15. Best and Final Offers.** The Issuing Office reserves the right to conduct discussions with Proposers for the purpose of obtaining “best and final offers.” To obtain best and final offers from Proposers, the Issuing Office may do one or more of the following: a) enter into pre-selection negotiations; b) schedule oral presentations; and c) request revised proposals. The Issuing Office will limit any discussions to responsible Proposers whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award.

**I-16. Prime Proposer Responsibilities.** The selected Proposer will be required to assume responsibility for all services offered in its proposal whether or not it produces them. Further, the Commission will consider the selected Proposer to be the sole point of contact with regard to contractual matters.

**I-17. Proposal Contents.** Proposals will be held in confidence and will not be revealed or discussed with competitors, unless disclosure is required to be made (i) under the provisions of any Commonwealth or United States statute or regulation; or (ii) by rule or order of any court of competent jurisdiction. All material submitted with the proposal becomes the property of the Pennsylvania Turnpike Commission and may be returned only at the Commission’s option. Proposals submitted to the Commission may be reviewed and evaluated by any person other than competing Proposers at the discretion of the Commission. The Commission has the right to use any or all ideas presented in any proposal. Selection or rejection of the proposal does not affect this right.

In accordance with the Pennsylvania Right-to-Know Law (RTKL), 65 P.S. § 67.707 (Production of Certain Records), Proposers shall identify any and all portions of their Proposal that contains confidential proprietary information or is protected by a trade secret. Proposals shall include a written statement signed by a representative of the company/firm identifying the specific portion(s) of the Proposal that contains the trade secret or confidential proprietary information.

Proposers should note that “trade secrets” and “confidential proprietary information” are exempt from access under Section 708(b)(11) of the RTKL. Section 102 defines both “trade secrets” and “confidential proprietary information” as follows:

Confidential proprietary information: Commercial or financial information received by an agency: (1) which is privileged or confidential; **and** (2) the disclosure of which would cause substantial harm to the competitive position of the person that submitted the information.

Trade secret: Information, including a formula, drawing, pattern, compilation, including a customer list, program, device, method, technique or process that: (1) derives independent economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; **and** (2) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. The term includes data processing software by an agency under a licensing agreement prohibiting disclosure.

65 P.S. §67.102 (emphasis added).

The Office of Open Records has determined that a third party must establish a trade secret based upon factors established by the appellate courts, which include the following:

the extent to which the information is known outside of his business;  
the extent to which the information is known by employees and others in the business;  
the extent of measures taken to guard the secrecy of the information;  
the value of the information to his business and to competitors;  
the amount of effort or money expended in developing the information; and  
the ease of difficulty with which the information could be properly acquired or duplicated by others.

*See Crum v. Bridgestone/Firestone North Amer. Tire.*, 907 A.2d 578, 585 (Pa. Super. 2006).

The Office of Open Records also notes that with regard to “confidential proprietary information the standard is equally high and may only be established when the party asserting protection shows that the information at issue is either ‘commercial’ or ‘financial’ and is privileged or confidential, and the disclosure *would* cause substantial competitive harm.” (emphasis in original).

For more information regarding the RTKL, visit the Office of Open Records’ website at [www.openrecords.state.pa.us](http://www.openrecords.state.pa.us).

**I-18. Debriefing Conferences.** Proposers whose proposals are not selected will be notified of the name of the selected Proposer and given the opportunity to be debriefed, at the Proposer’s request. The Issuing Office will schedule the time and location of the debriefing. The Proposer will not be compared with other Proposers, other than the position of its proposal in relation to all other proposals.

**I-19. News Releases.** News releases pertaining to this project will not be made without prior Commission approval, and then only in coordination with the Issuing Office.

**I-20. Commission Participation.** Unless specifically noted in this section, Proposers must provide all services to complete the identified work.

**I-21. Cost Submittal.** The cost submittal shall be placed in a separately sealed envelope within the sealed proposal and kept separate from the technical submittal. **Failure to meet this requirement may result in disqualification of the proposal.**

**I-22. Term of Contract.** The term of the contract will commence on the Effective Date (as defined below) and will end two (2) years from the Effective Date with an option of three (3) one-year extensions. The Commission shall fix the Effective Date after the contract has been fully executed by the Contractor and by the Commission and all approvals required by Commission contracting procedures have been obtained.

**I-23. Proposer’s Representations and Authorizations.** Each Proposer by submitting its proposal understands, represents, and acknowledges that:

- a. All information provided by, and representations made by, the Proposer in the proposal are material and important and will be relied upon by the Issuing Office in awarding the contract(s). Any misstatement, omission or misrepresentation shall be treated as fraudulent concealment from the Issuing Office of the true facts relating to the submission of this proposal. A misrepresentation shall be punishable under 18 Pa. C.S. 4904.

- b. The price(s) and amount of this proposal have been arrived at independently and without consultation, communication or agreement with any other Proposer or potential Proposer.
- c. Neither the price(s) nor the amount of the proposal, and neither the approximate price(s) nor the approximate amount of this proposal, have been disclosed to any other firm or person who is a Proposer or potential Proposer, and they will not be disclosed on or before the proposal submission deadline specified in the cover letter to this RFP.
- d. No attempt has been made or will be made to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- f. To the best knowledge of the person signing the proposal for the Proposer, the Proposer, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as disclosed by the Proposer in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Proposer and except as otherwise disclosed by the Proposer in its proposal, the Proposer has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Proposer that is owed to the Commonwealth.
- h. The Proposer is not currently under suspension or debarment by the Commonwealth, or any other state, or the federal government, and if the Proposer cannot certify, then it shall submit along with the proposal a written explanation of why such certification cannot be made.
- i. The Proposer has not, under separate contract with the Issuing Office, made any recommendations to the Issuing Office concerning the need for the services described in the proposal or the specifications for the services described in the proposal.
- j. Each Proposer, by submitting its proposal, authorizes all Commonwealth agencies to release to the Commission information related to liabilities to the Commonwealth including, but not limited to, taxes, unemployment compensation, and workers' compensation liabilities.

## PART II

### INFORMATION REQUIRED FROM PROPOSERS

Proposals must be submitted in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Any other information thought to be relevant, but not applicable to the enumerated categories, should be provided as an appendix to the proposal. Each proposal shall consist of two (2) separately sealed submittals. The submittals are as follows: (i) Technical Submittal, in response to Part II-1 through II- 8 hereof; (ii) Cost Submittal, in response to Part II-9 hereof.

The Commission reserves the right to request additional information which, in the Commission's opinion, is necessary to assure that the Proposer's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Commission may make such investigations as deemed necessary to determine the ability of the Proposer to perform the work, and the Proposer shall furnish to the Issuing Office all such information and data for this purpose as requested by the Commission. The Commission reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Proposer fails to satisfy the Commission that such Proposer is properly qualified to carry out the obligations of the agreement and to complete the work specified.

**II-1. Statement of the Problem.** State in succinct terms your understanding of the problem presented or the service required by this RFP.

**II-2. Management Summary.** Include a narrative description of the proposed effort and a list of the items to be delivered or services to be provided.

**II-3. Work Plan.** Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of personhours allocated to each task.

**II-4. Prior Experience.** Include experience in the administration of COBRA benefits, with specific experience in administering the program in a public sector and predominantly union environment. Experience shown should be work done by individuals who will be assigned to this project as well as that of your company. Studies or projects referred to should be identified and the name of the customer shown, including the name, address, and telephone number of the responsible official of the customer, company, or agency who may be contacted.

**II-5. Personnel.** Include the number, and names where practicable, of executive and professional personnel, analysts, auditors, researchers, programmers, consultants, etc., who will be engaged in the work. Show where these personnel will be physically located during the time they are engaged in the work. Include through a resume or similar document education and experience in the administration of COBRA benefits, with specific experience in administering the program in a public sector and predominantly union environment. Indicate the responsibilities each will have in this project and how long each has been with your company. Include those individuals that will be responsible for the day-to-day operations of the Commission's program. Identify subcontractors you intend to use and the services they will perform.



**II-6. Training.** If appropriate, indicate recommended training of Commission personnel. Include the personnel to be trained, the number to be trained, duration of the program, place of training, curricula, training materials to be used, number and frequency of sessions, and number and level of instructors.

**II-7. Funding Arrangements.** Please describe, in detail, all of the funding arrangements that you offer.

**II-8. DBE/MBE/WBE Participation.** The Turnpike Commission is committed to the inclusion of disadvantaged, minority, and woman firms in contracting opportunities. Responding firms shall clearly identify DBE/MBE/WBE firms, expected to participate in this contract, in their Proposal. Proposed DBE/MBE/WBE firms must be certified by the Pennsylvania Department of General Services ([www.dgs.state.pa.us](http://www.dgs.state.pa.us)) or the Pennsylvania Unified Certification Program ([www.paucp.com](http://www.paucp.com)) at the time of the submission of the proposal. While D/M/WBE participation is not a requirement for this RFP, inclusion of D/M/WBEs will be a factor in the evaluation determination. **If further information is desired concerning DBE/MBE/WBE participation,** direct inquiries to the Pennsylvania Turnpike Commission's Contract Administration Department by calling (717) 939-9551 Ext. 4241.

**II-9. Cost Submittal.** The information requested in this section shall constitute your cost submittal. **The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separate from the technical submittal.**

Proposers should **not** include any assumptions in their cost submittals. If the proposer includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Proposers should direct in writing to the Issuing Office pursuant to Part I-9 of this RFP any questions about whether a cost or other component is included or applies. All Proposers will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis.

In determining cost for this service, use the following numbers to provide calculations:

- 2,123 individuals employed by the Commission
- 15 individuals utilizing COBRA services (annually)
- 381 COBRA notices sent to members (annually)

The total cost you are proposing must be broken down but not limited to the following components:

- a. **Administrative Costs.** A Summary of all administrative costs and/or service fees associated with administration of the plan to the Commission as well as administrative fees charged to COBRA participants. If multiple costing models are available, list each.
- b. **Cost of Supplies and Materials.** Itemize. If there are no supplies and materials in your proposal, so state.
- c. **Subcontract Costs.** Itemize as in (a) above. If there are no subcontract costs in your proposal, so state.
- d. **Report Costs.** Identify costs associated with the development of utilization reports. If there are no costs associated with reports, please indicate.

- e. **Broker Costs.** Identify costs associated with a broker or other individual or group that is assisting the Proposer in acquiring this service.
- f. **Associated Costs.** Include all other costs associated with the administration of COBRA benefits which the Commission would be responsible for; i.e. printing costs, mailing costs, legal fees, set up fees, etc. Please detail.
- g. **Enrollment/Disenrollment Costs.** Include any costs associated with enrolling and disenrolling participants in the plans with vendors.
- h. **Other Costs.** If there are any other costs not already listed, please identify.
- i. **Total Cost. Inclusive of items a to h.**

**Any costs not provided in the cost proposal will be assumed as no charge to the Commission.**

**The selected Proposer shall only perform work on this contract after the Effective Date is affixed and the fully-executed contract sent to the selected Proposer. The Commission shall issue a written Notice to Proceed to the selected Proposer authorizing the work to begin on a date which is on or after the Effective Date. The selected Proposer shall not start the performance of any work prior to the date set forth in the Notice of Proceed and the Commission shall not be liable to pay the selected Proposer for any service or work performed or expenses incurred before the date set forth in the Notice to Proceed. No Commission employee has the authority to verbally direct the commencement of any work under this Contract.**

## PART III

### CRITERIA FOR SELECTION

**III-1. Mandatory Responsiveness Requirements.** To be eligible for selection, a proposal should be (a) timely received from a Proposer; (b) properly signed by the Proposer; and (c) formatted such that all cost data is kept separate from and not included in the Technical Submittal.

**III-2.** Proposals will be reviewed and evaluated by a committee of qualified personnel selected by the Commission. This committee will recommend for selection the proposal that most closely meets the requirements of the RFP and satisfies Commission needs. Award will only be made to a Proposer determined to be responsive and responsible in accordance with Commonwealth Management Directive 215.9, Contractor Responsibility Program and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

**III-3.** The following criteria will be used, in order of relative importance from the highest to the lowest, in evaluating each proposal:

**a. Understanding the Problem.** This refers to the Proposer's understanding of the Commission needs that generated the RFP, of the Commission's objectives in asking for the services or undertaking the study, and of the nature and scope of the work involved.

**b. Proposer Qualifications.** This refers to the ability of the Proposer to meet the terms of the RFP, especially the time constraint and the quality, relevancy, and recency of studies and projects completed by the Proposer. This also includes the Proposer's financial ability to undertake a project of this size.

**c. Personnel Qualifications.** This refers to the competence of professional personnel who would be assigned to the job by the Proposer. Qualifications of professional personnel will be measured by experience and education, with particular reference to experience on studies/services similar to that described in the RFP. Particular emphasis is placed on the qualifications of the project manager.

**d. Soundness of Approach.** Emphasis here is on the techniques for collecting and analyzing data, sequence and relationships of major steps, and methods for managing the service/project. Of equal importance is whether the technical approach is completely responsive to all written specifications and requirements contained in the RFP and if it appears to meet Commission objectives.

**e. Cost.** While this area may be weighted heavily, it will not normally be the deciding factor in the selection process. The Commission reserves the right to select a proposal based upon all the factors listed above, and will not necessarily choose the firm offering the best price. The Commission will select the firm with the proposal that best meets its needs, at the sole discretion of the Commission.

**f. DBE/MBE/WBE Participation.** This refers to the inclusion of D/M/WBE firms, as described in Part II-8, and the extent to which they are expected to participate in this contract. Participation will be measured in terms of total dollars committed or percentage of total contract amount to certified D/M/WBE firms.

## PART IV

### WORK STATEMENT

#### IV-1. Objectives.

**a. General.** The Pennsylvania Turnpike Commission (Commission) is soliciting proposals from qualified vendors to satisfy a need for an **Administrator of COBRA Benefits**.

**b. Specific.** The Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), requires the Commission to offer members (employee/retiree and family members) who have a COBRA-qualifying event the opportunity to purchase medical, prescription, dental, and vision benefits similar to those offered to regular employees. The Commission utilizes a COBRA vendor to administer these services.

It is necessary that the effective date of the contract for these services commence on or prior to September 1, 2011.

The successful vendor will not be required to provide initial notification of COBRA rights to new hires or HIPAA credible coverage notification to members when benefits end. The Commission will continue to notify new employees of their COBRA rights. HIPAA notification is accomplished by the Commission's current benefits vendors.

The Commission is an independent agency of the Commonwealth of Pennsylvania. As a government agency, the Commission is not governed by the rules, regulations, or legislative requirements of ERISA.

#### **Background**

The Pennsylvania Turnpike is a key transportation route within the state of Pennsylvania and a vital link in the network of the eastern United States. The Turnpike is 545 miles in length with 65 fare collection facilities, 17 service plazas, one traveler information center, 22 maintenance facilities, 9 State Police barracks (including central office) and 5 tunnels. ([www.paturmpike.com](http://www.paturmpike.com))

#### IV-2. Nature and Scope of the Project.

There are currently 2,123 individuals employed by the Commission. 446 of these are management employees, 1,558 are full-time union members, and 119 are classified as temporary union employees. In addition, there are 1,016 retirees receiving benefits from the Commission. All of these members and their family members are eligible for COBRA benefits if a qualifying event takes place.

The current benefit and insurance plans and carriers in place are:

- Medical Indemnity – Highmark Blue Shield
- Signature 65 – Highmark Blue Shield
- Medicare PPO – Freedom Blue
- Medicare PPO - Aetna
- Dental – United Concordia Companies, Inc.
- Vision – Davis Vision
- Prescription Drug – Aetna

In 2010, the Commission had 15 individuals utilizing COBRA services. There were 381 COBRA notices sent to members.

### **IV-3. Tasks.**

The successful vendor will be expected to provide the Commission with the following services:

- Accept notification of COBRA qualifying events (capability to receive electronic data files preferred)
- Notify individuals of COBRA enrollment deadlines, plan choices and associated costs
- Complete enrollment and cancellation with benefit vendors
- Collection and tracking of premium payments
- Member notification of changes in premiums, underpayment or late premiums
- Cancellation notices to members for non payment and/or end of eligibility period (i.e. 18 months)
- Provide regular communication with designated Commission representatives via telephone and secure email
- Provide regular maintenance of COBRA user data including but not limited to annual updates of COBRA rates, address changes, and changes to administration fees and subsidy allowances (if applicable)
- Provide the Commission with monthly usage and income reports

Proposers have the opportunity to recommend modifications to the listed tasks.

### **IV-4. Questionnaire.**

1. Please describe your company, including:
  - Year founded
  - Area/Markets served (including counties)
  - Number of groups with over 3,000 lives covered
  - Number of members covered
  - Number of employees
  - Any Subsidiaries and/or Affiliates
  - Products offered
2. Please provide financial data on your company, as applicable, for each of the past three years to include but not limited to the following:
  - NCQA Ratings
  - AM Best Ratings
  - Standard & Poor's Rating
  - Annual Reports
  - Describe in detail the COBRA services you provide.
3. Describe any special banking arrangements you require for administration of COBRA. Do you require any documents or security deposits?
4. Please provide the most recent audited financial statement or a "Statement of Conditions" if an audited financial statement is not applicable, for your firm.

5. Are you able to provide COBRA services for all benefits: medical, dental, vision and prescription? If so, please explain.
6. Please describe your electronic capabilities in regards to COBRA administration.
7. Do you offer electronic billing?
8. Describe how the Commission should notify you of qualifying events (online services, data files, paper, faxes, email, etc.).
9. How is a COBRA participant enrolled in the medical plans? Do you provide enrollment/disenrollment services?
10. What is the turnaround time for COBRA enrollment mailings? What do you include in your enrollment mailings? Provide a sample mailing.
11. Can you provide the annual renewal rates for COBRA services at least 90 days in advance of the contract expiration date? Is this timeframe guaranteed?
12. Please provide a detailed implementation transition plan and timetable including but not limited to: plan setup and 834 interfacing (if applicable).
13. Please describe in detail how the credibility of the group's experience is determined.
14. Please describe your employee support services.

#### **IV-5. Reports and Project Control.**

**a. Task Plan.** A work plan for each task that identifies the work elements of each task, the resources assigned to the task, and the time allotted to each element and the deliverable items to be produced.

**b. Status Report.** A monthly progress report covering activities, problems, and recommendations; the report should be keyed to the work plan developed by the Proposer in its proposal, as amended or approved by the Commission.

**c. Problem Identification Report.** An "as required" report, identifying problem areas. The report should describe the problem and its impact on the overall project and on each affected task. It should list possible courses of action with advantages and disadvantages of each, and include Proposer recommendations with supporting rationale.

**Monthly Reports.** The vendor will be required to submit monthly reports indicating the usage and costs statistics of Commission employees. The Vendor will also provide year-end reports indicating total usage, open cases, closed cases and other information pertaining to COBRA utilization by the Commission.

## **Addendum No. 1**

RFP # 11-10380-2953

COBRA Administration

**Prospective Respondents: You are hereby notified of the following information in regard to the referenced RFP:**

### **DELETION**

On page 12, Part IV-4, question #13 states: “Please describe in detail how the credibility of the group’s experience is determined.” **This was printed in error and you are not required to answer this question.**

Following are the answers to questions submitted in response to the above referenced RFP as of March 24, 2011. All of the questions have been listed verbatim, as received by the Pennsylvania Turnpike Commission.

1. Is the use of secure email required? Or, would communication via telephone and fax be acceptable?

**A: We will consider all communication options proposed.**

2. Would the bidder be responsible for remitting the collected premiums to the carriers directly? Or, would the bidder be responsible for remitting the collected premiums to the Commission?

**A: Collected premiums will be remitted to the Commission.**

3. Please expound on what the Commission is expecting to receive in regard to question 13 on pg. 12 of the RFP. This appears to be a question meant for an insurance carrier as opposed to a COBRA administrator.

**A: You do not have to answer this question. See deletion at the top of this addendum.**

4. Does the Commission send annual open enrollment (OE) mailings to COBRA participants when it sends the information to active employees? Or, would the bidder be expected to do this? If the bidder is required to do this, please provide a sample of the OE information that is sent.

**A: The Commission does not hold open enrollment annually for current employees as there is only one plan offering. The Commission holds open enrollment for retirees over age 65 annually since they have different plan offerings to select from; however, open enrollment for COBRA participants has not been necessary since the only situation that may require it would be if a retiree were to get divorced and the ex-spouse picked up COBRA. If there were to be a need for open enrollment for COBRA participants, the COBRA administrator would be responsible for sending the open enrollment information to the COBRA participants.**

5. Who is the current administrator and what is the current admin fee(s) being paid?

**A: Current administrator is HM Benefit Administrators. Current administrative fees will not be provided.**

6. Please advise that all current insured's have received the Initial Notice of COBRA updated version released in November 2004.

**A: Confirmed.**

7. Would an excel sheet suffice for transfers of information between Vendor chosen and Commission in a secure email system?

**A: We will consider all communication options proposed.**

8. "Monthly usage and income reports" are also listed as being required each month, please detail what is expected in these reports.

**A: At a minimum, the Commission would like to see the following on a monthly report:**

- Name and SSN of the person on COBRA,
- Employee name (if different from person on COBRA)
- Group number enrolled in and type of coverage (medical, prescription, dental, vision)
- COBRA effective date
- Tier selected (family, individual, etc.)
- Start date and end date for billing
- Premium amount charged

**The Commission also would like to know the monthly number of qualifying letters bills sent.**

9. Is it expected that the COBRA administrator send out open enrollment materials and educate/communicate with COBRA participants each year or only communicate updates to the rates to the COBRA participants?

**A: You will only have to communicate updates to the rates. Please see answer to question #4 above regarding possibility of open enrollment.**

10. Will appropriate permission be given to selected COBRA administrator to be able to affect online changes with all insurance carriers (terminations, reenrollments, changes, etc.)?



**A: Direct contact will be provided with the insurance carriers; format will be determined during implementation. The current COBRA administrator makes changes with all insurance carriers necessary by secure email.**

11. In lieu of a “Statement of Conditions” will a “Compiled Financial Statement” prepared by a independent CPA be acceptable?

**A: Yes.**

12. Page 1 of 12 - I-5 - Fixed fee contract - We can propose a fixed fee contract based on the current number of eligible employees, and 2010 numbers of COBRA notices and COBRA participants. Is the fixed fee contract expected to cover an unexpected variance from these historic figures? For example, if there is a large lay-off of several hundred employees, is it expected that the fixed fee contract cover that higher-than normal turnover?

**A: The term fixed fee is intended to mean fixed rates. For example, a set fee variable based on a current number of employees per month, or a set fee variable based on a current number of members enrolled in COBRA per month, or a set fee per service such as number of COBRA election mailings sent per month, participant billings per month, etc.**

13. Page 4 of 12 - I-20 - Commission Participation - While this specifically declares that the Proposers provide all services, per the tasks outlined on Page 11 of 12 the commission must submit timely notice of qualifying events and any plan changes. We want to confirm that this will occur.

**A: Confirmed.**

14. Page 4 of 12 - I-22 - Three one-year extensions - Does the commission want a proposal for the cost of the three one-year extensions at this time, or just for the first two-year period?

**A: The Commission will consider all proposals submitted. Initial contract term will not be longer two years.**

15. Page 7 of 12 - II-7 - What types of funding arrangements are you referring to?

**A: Types of billing offered.**

16. Page 7 of 12 - II-9 - Similar to our question above on the fixed fee contract, is this fixed fee contract designed to cover a maximum number of individuals employed (identified as 2,123 in the RFP), a maximum number of COBRA participants (identified as 15), and a maximum number of COBRA notices (identified as 381)? Or is there a variable rate for overage allowed?

**A: See answer to #12 listed above.**

17. Page 7 of 12 - II-9 - Could you provide an estimation of the number of new hires the Commission expects over the next two years? Additionally, has there been a recent mass-hire? This will assist our fixed proposal pricing.

**A: There has not been a recent mass-hire. Over the past two years the Commission has averaged 100 new hires per year. The average number of employees remains relatively constant due to the number of retirees per year.**

18. Page 7 of 12 - II-9 - How many months, on average, were the 15 persons utilizing COBRA services?

**A: Thirteen employees used COBRA for an average of 3.45 months. Two dependents used COBRA for an average of 8 months.**

19. Page 7 of 12 - II-9 - For the 381 COBRA notices sent in 2010, were they all COBRA election notices or did that number comprise all types of COBRA correspondence (including coupon payment books, underpayment notices, termination notices, etc.)?

**A: They were all COBRA election notices.**

20. Page 10 of 12 - IV-2 - What are the approximate monthly premiums of the seven identified benefit and insurance plans? If the detailed breakdown is not possible, what is the overall annual premium paid by Commission employees?

**A: Premium information will not be provided.**

21. Page 11 of 12 - IV-3 - Does the Commission anticipate any plan/carrier changes (not rate changes) and if so, will they require that the COBRA administrator send out packages or will the Commission do that task?

**A: The Commission does not anticipate plan/carrier changes before March 1, 2013. However, should changes occur prior to that date, the COBRA administrator will be required to send out packages to COBRA participants regarding the change.**

22. Page 12 of 12 - IV-4, Part 4, Question 7 - For electronic billing, is that for participants or the commission? What type of electronic billing is requested?

**A: Electronic billing was in regards to the Commission. The Commission will consider all billing options proposed.**

23. Page 12 of 12 - IV-4, Part 4, Question 13 - Can you clarify the question about "how the credibility of the group's experience is determined"? What group is being referenced here?

**A: You do not have to answer this question. See correction listed at the top of this addendum.**

All other terms, conditions and requirements of the original RFP dated **March 4, 2011** remain unchanged unless modified by this Addendum.