

Request for Proposals for the State of Wisconsin

ETH0052 – Third Party Administration of Health Savings Accounts (HSA)

ETH0053 – Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA)

ETH0054 – Third Party Administration of Commuter Fringe Benefit Accounts



Issued by the State of Wisconsin
Department of Employee Trust Funds
On behalf of the Group Insurance Board

Release Date: June 29, 2018

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1 GENERAL INFORMATION

1.1 INTRODUCTION

The purpose of this Request for Proposal (RFP) is to provide interested and qualified vendors with information to enable them to prepare and submit competitive Proposals to administer the following programs: Section 125 Cafeteria Plan, Health Savings Account (HSA), Employee Reimbursement Account (ERA), and Commuter Fringe Benefit Account. There are three separate RFPs:

- ETH0052 – Third Party Administration of Health Savings Accounts (HSA)
- ETH0053 – Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA), including:
 - Section 125 Cafeteria Plan Non-Discrimination Testing
 - Section 125 Cafeteria Plan Documentation
 - Health Care Flexible Spending Account (FSA)
 - Limited Purpose FSA
 - Dependent Day Care FSA
- ETH0054 – Third Party Administration of Commuter Fringe Benefit Accounts, including:
 - Parking Account
 - Transit Account

Vendors may submit a Proposal for one, two or all three of the RFPs listed above; however, submitting a Proposal for more than one RFP is not a requirement.

The State of Wisconsin Department of Employee Trust Funds (Department) intends to use the results of this solicitation to award one or more Contracts for the administration of the programs listed above. The Contract(s) will be administered and managed by the Department, with oversight by the State of Wisconsin Group Insurance Board (Board). This RFP document, its attachments, and the awarded Proposal(s) will be incorporated into the Contract(s).

1.2 PROGRAM OVERVIEWS

The Wisconsin Department of Employee Trust Funds administers various benefit programs available to State and local public employees. The Department works with nearly 1,500 Employer partners and serves 622,000 members. Detailed information about the programs covered by this RFP, which are available to State and university employees, is available in the following appendices:

Detailed program information is available in the following appendices:

- Appendix 6 – Health Savings Account (HSA) Program Overview
- Appendix 7 – Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA) Program Overview
- Appendix 8 – Commuter Fringe Benefit Accounts Program Overview

1.3 ADDITIONAL BACKGROUND INFORMATION

Table 1 below provides links to additional background information. This information is provided to assist Proposers in completing an RFP response.

Table 1. Additional Background Information

Title	Web Address
Employee Trust Funds Website	http://etf.wi.gov
It's Your Choice Open Enrollment Material	http://etf.wi.gov/members/IYC2018/et-2107home.asp
TASC Online Landing Page for the State of Wisconsin	https://partners.tasconline.com/ETFEmployee
Wisconsin Administrative Code: Chapter ETF 11 Appeals	http://docs.legis.wisconsin.gov/code/admin_code/etf/11
Wisconsin State Statutes Chapter 40	http://www.legis.state.wi.us/statutes/Stat0040.pdf
ETF Insurance Complaint Information	http://etf.wi.gov/publications/et2405.pdf

1.4 PROCURING AND CONTRACTING AGENCY

This RFP is issued by the Department on behalf of the Board. The Department is the sole point of contact for the State of Wisconsin in the selection process. The terms “State,” “ETF,” and “Department” may be used interchangeably in this RFP and its attachments.

Prospective Proposers are prohibited from contacting any person other than the individual listed here regarding this RFP. Violation of this requirement may result in the Proposer being disqualified from further consideration.

<u>Express delivery</u>	<u>United States Postal Service delivery</u>
Dept. of Employee Trust Funds Beth Bucaida RFP ETH0052-54 Supply & Mail Services 7th Floor North Tower (Visitor’s Entrance) 4822 Madison Yards Way Madison, WI 53705-9100	Dept. of Employee Trust Funds Beth Bucaida RFP ETH0052-54 P.O. Box 7931 Madison, WI 53707-7931

Telephone: 608-267-3933

E-mail: ETFSMBProcurement@etf.wi.gov

NOTE: Deliveries are accepted from 8:00 a.m. – 4:00 p.m. central time Monday through Friday. No deliveries may be made to the Department on Saturdays, Sundays, and State holidays as the office is closed on those days. The Department is not responsible for picking up Proposals at the post office or any courier office.

1.5 DEFINITIONS AND ACRONYMS

Words and terms shall be given their ordinary and usual meanings. Words and terms not defined below shall have the meanings provided by Wis. Stat. § 40.02 and Wis. Admin. Code § ETF 10.01 unless otherwise clearly and unambiguously defined by the context of their usage in this RFP. Where capitalized in this RFP, the following definitions and acronyms shall have the meanings indicated unless otherwise noted. The meanings shall be applicable to the singular, plural, masculine, feminine, and neuter forms of the words and terms.

Benefit Program refers to the programs included in this RFP, such as, Section 125 Cafeteria Plan and Employee Reimbursement Account (ERA), Health Savings Account (HSA), and/or Commuter Fringe.

Board means State of Wisconsin Group Insurance Board.

Business Day means each Calendar Day except Saturday, Sunday, and official State of Wisconsin holidays (see also: Calendar Day, Day).

Cafeteria Plan or **Section 125 Cafeteria Plan** refers to the plan under Internal Revenue Code Section 125 which allows for payment of the cost of certain benefits to be paid on a pre-tax basis.

Calendar Day refers to a period of twenty-four hours starting at midnight.

Calendar Year means the time period from January 1 to December 31.

Commuter Fringe Benefit means a qualified pre-tax savings transportation benefit program, such as a parking or transit account.

Confidential Information means all tangible and intangible information and materials being disclosed in connection with the Contract, in any form or medium without regard to whether the information is owned by the State of Wisconsin or by a third party, which satisfies at least one of the following criteria: (i) Individual Personal Information; (ii) Personally Identifiable Information; (iii) Protected Health Information under HIPAA, 45 CFR 160.103; (iv) proprietary information; (v) non-public information related to the State of Wisconsin's employees, customers, technology (including data bases, data processing and communications networking systems), schematics, specifications, and all information or materials derived therefrom or based thereon; (vi) information expressly designated as confidential in writing by the State of Wisconsin; (vii) all information that is restricted or prohibited from disclosure by State or federal law, including Individual Personal Information and Medical Records as governed by Wis. Stat. § 40.07, Wis. Admin. Code ETF 10.70(1) and 10.01(3m); or (viii) any material submitted by the Proposer in response to this RFP that the Proposer designates confidential and proprietary information and which qualifies as a trade secret, as provided in Wis. Stat. § 19.36 (5) or material which can be kept confidential under the Wisconsin public records law.

Continuant means any Participant enrolled in a Benefit Program under the federal or State continuation provisions.

Contract means the written agreement resulting from the successful Proposal and subsequent negotiations that shall incorporate, among other things, this RFP, the final, applicable Program Agreement(s), the successful Proposer's Proposal as accepted by the Department, the Department Terms and Conditions, an updated and executed Appendix 1 Pro Forma Contract, its exhibits, subsequent amendments and other documents.

Contractor means a Proposer who is awarded a Contract.

Cost Proposal means the document submitted by Proposer that includes Proposer's costs to provide the Services. The Microsoft Excel workbook attached as FORM H – Cost Proposal

Workbook is the required document all Proposers must submit. The Cost Proposal is described in Section 8 and elsewhere in this RFP.

Day means Calendar Day unless otherwise indicated.

Deductible means a predetermined amount of money that a Participant must pay before benefits are eligible for payment by their insurance.

Department or **ETF** means the State of Wisconsin Department of Employee Trust Funds.

Dependent Day Care Flexible Spending Account or **Dependent Day Care FSA** means a pre-tax benefit account that allows for tax-free reimbursement of eligible day care expenses or other custodial care for Qualified Dependents.

Employee means an eligible employee of the State of Wisconsin as defined under [Wis. Stat. § 40.02 \(25\) \(a\), 1., 2., or \(b\), 1m., 2., 2g., or 8.](#) An employee of the State of Wisconsin as defined under [Wis. Stat. § 40.02 \(25\) \(b\), 1m. or 2](#) does not qualify as an Employee for the Commuter Fringe Benefit program.

Employee Reimbursement Account or **ERA** means the Health Care Flexible Spending Account, Limited Purpose Flexible Spending Account, and Dependent Day Care Flexible Spending Account programs. ERA is also known as Flexible Spending Account (FSA).

Employer means an eligible State of Wisconsin agency as defined in [Wis. Stat. § 40.02 \(54\).](#) A University of Wisconsin System employer does not qualify as an Employer for the Commuter Fringe Benefit program.

FSA means Flexible Spending Account.

GHIP means the State of Wisconsin Group Health Insurance Program.

HDHP means High Deductible Health Plan.

Health Care Flexible Spending Account is an account that allows an Employee to set aside tax-free dollars each year for health care expenses not covered by insurance. The Participant may use these funds to pay for eligible health care expenses incurred by the Participant or the Participant's Qualified Dependents.

Health Savings Account or **HSA** is an account that allows an Employee enrolled in an HDHP plan to set aside tax-free dollars each year for health care expenses not covered by insurance. The Participant may use these funds to pay for eligible health care expenses incurred by the Participant or the Participant's Qualified Dependents.

HIPAA means the Health Insurance Portability and Accountability Act of 1996. See Appendix 2 – Department Terms and Conditions.

Individual Personal Information or **IPI** has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1). See Appendix 2 – Department Terms and Conditions.

It's Your Choice Open Enrollment or **IYC** means the enrollment period referred to in the Department materials as the IYC enrollment period that is available at least annually to Employees allowing them the opportunity to enroll for coverage in benefit plans offered by the Board.

IRS means Internal Revenue Service.

Limited Purpose Flexible Spending Account or **LPFSA** is an account that allows an Employee to set aside tax-free dollars each year for vision, dental and post-deductible expenses not covered by insurance. The Participant may use these funds to pay for eligible health care expenses incurred by the Participant or the Participant's Qualified Dependents.

Mandatory means the least possible threshold, functionality, degree, performance, etc. needed to meet a compulsory requirement.

Participant(s) means the Employee or any of the Employee's Qualified Dependent(s) who have been specified by the Department for enrollment and are entitled to participate in the Benefit Program.

Payroll Center means the benefits department of a participating State agency that is responsible for completing business processes associated with Benefit Program enrollment and changes, payroll deductions, leave benefit administration, and terminations. See Appendix 4 – State Employer Organizational Relationship Overview.

Personally Identifiable Information or **PII** means information that is capable of identifying a particular individual through one or more identifiers or other information or circumstances. See Appendix 2 – Department Terms and Conditions.

Plan Year means the twelve (12) month period of coverage under a Benefit Program (e.g. January 1 through December 31).

Program Agreement means the specific agreement that describes the Benefit Programs offered to eligible Employees. See Appendix 9 – State of Wisconsin Program Agreement.

PPPBPM means Per Participant Per Benefit Per Month.

Proposal means the complete response of a Proposer submitted in the format specified in this RFP, which sets forth the Services offered by a Proposer and Proposer's pricing for providing the Services described in this RFP and in the Program Agreement.

Proposer means any individual, firm, company, corporation, or other entity that submits a Proposal in response to this RFP.

Protected Health Information or **PHI** has the meaning ascribed to it under 45 s. CFR 160.103. See Appendix 2 – Department Terms and Conditions.

Qualified Dependent means any individual who is a tax dependent of the Participant as defined in Internal Revenue Code Section 152; however, for Health Care FSA and LPFSA, a Qualified Dependent is defined as set forth in Internal Revenue Code Section 105(b) including any child as defined in Internal Revenue Code Section 152(f)(1) of the Participant who, as of the end of the taxable year, has not attained age twenty-seven (27); for HSA, a Qualified Dependent is defined in IRS Publication 502 including any child of the Participant who under the age of twenty-four (24); and for Dependent Day Care FSA purposes, a Qualified Dependent also means an individual described in Internal Revenue Code Section 21(e)(5).

Quarterly means a period consisting of every consecutive three (3) months beginning January.

Reimbursement Request means a hard copy paper or electronic form submitted by the Participant to the Contractor with all pertinent documentation regarding an eligible expense for monetary reimbursement from the Participant's pre-tax Benefit Program account.

Retiree means a State member who is retired and receives an annuity or lump sum benefit from the Wisconsin Retirement System.

RFP means Request for Proposal.

Services means all work performed, and labor, actions, recommendations, plans, research, and documentation provided by the Contractor necessary to fulfill that which the Contractor is obligated to provide under the Contract.

State means the State of Wisconsin.

State Statutes or **ss** or **Wisconsin Statutes** or **Wis. Stats.** means Wisconsin State Statutes referenced in this RFP, viewable at: <http://www.legis.state.wi.us/rsb/stats.html>.

Subcontractor means a person or company hired by the Contractor to perform a specific task or provide Services as part of the Contract.

1.6 CLARIFICATION OF THE SPECIFICATIONS AND REQUIREMENTS

Proposers must submit all questions concerning this RFP via e-mail (no phone calls) to ETFSMBProcurement@ef.wi.gov. The subject of the e-mail must state “**ETH0052-54**” and the e-mail must be received on or before the date identified in Section 1.9 Calendar of Events, *Proposer Questions and Letter of Intent Due Date*. Proposers are expected to raise any questions they have concerning this RFP at this point in the process. Do not include any information within your questions that would identify your company as all submitted questions will be shared with all vendors who submit questions.

Proposers are encouraged to submit any assumptions or exceptions during the above process. All assumptions and exceptions listed must contain a rationale as to the basis for the assumption/exception. The Department will inform Proposers what assumptions/exceptions are acceptable to the Department.

Questions must be submitted as a Microsoft Word document (not a .pdf or scanned image) using the format specified below:

Table 2. Format for Submission of Clarification Questions

No.	RFP Section	RFP Page	Question/Rationale
Q1			
A1			
Q2			
A2			

Q = Proposer’s question; A = The Department’s answer

Proposer’s e-mail must include the name of the Proposer’s company and the person submitting the question(s). A compilation of all questions and answers, along with any RFP updates, will be posted to the **Department’s Extranet** (<http://efextranet.it.state.wi.us/ef/internet/RFP/rfp.html>) on or about the date indicated in Section 1.9 Calendar of Events, *Department Posts Responses to Proposer Questions*.

If a Proposer discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the Proposer should immediately notify the individual identified in Section 1.4 Procuring and Contracting Agency, of such error and request modification or clarification of this RFP document.

If it becomes necessary to update any part of this RFP, updates will be published on the Department’s Extranet listed above and will not be mailed. Electronic versions of this RFP and its attachments are available on the Department’s Extranet.

1.7 PROPOSER CONFERENCE

No Proposer conference is scheduled for this RFP. If the Department decides to hold a Proposer conference, a notice will be posted on the Department's Extranet at:

<http://etfextranet.it.state.wi.us/etf/internet/RFP/rfp.html>. Note, unless this notice is posted, no conference will be held.

1.8 REASONABLE ACCOMMODATIONS

The Department will provide reasonable accommodations, including the provision of informational material in an alternative format, for qualified individuals with disabilities, upon request.

1.9 CALENDAR OF EVENTS

Listed below are the important dates by which actions related to this RFP must be completed. If the Department finds it necessary to change any of the specific dates and times in the Calendar of Events listed below, it will do so by posting a supplement to this RFP on the Department's Extranet with the URL listed above. No other formal notification will be issued for changes in the estimated dates. Note the Contract start date is May 1, 2019, while the benefit period will begin January 1, 2020. This is intentional as the Contractor will assist with the implementation, transition, and member communication involved with any program structure changes.

Table 3. Calendar of Events*

Date	Event
June 29, 2018	Department Issues RFP (Release Date)
July 16, 2018	Proposer Questions and Letter of Intent Due
August 17, 2018	Department Posts Responses to Proposer Questions
Wednesday, August 29, 2018 by 2:00PM central time	Proposal Due Date
December 2018	Proposer Presentations to RFP Evaluation Team
February 20, 2019	Group Insurance Board meeting including Finalist Proposer Presentations to the Board
May 1, 2019	Contract Start Date

****All dates are estimated except the due dates for: Proposer Questions, Letter of Intent, and Proposals.***

1.10 CONTRACT TERM

Contract terms for the three RFPs are detailed below. Cost increases for any Contract renewals shall be negotiated in good faith and mutually agreed upon by both parties.

1.10.1 **ETH0052 Health Savings Accounts**

The Contract term for Third Party Administration of Health Savings Accounts will commence on May 1, 2019 and extend through December 31, 2021. The Board retains the option, by mutual agreement of the Board and the Contractor, to renew the Contract for two (2) additional two (2) year renewal periods extending the Contract through December 31, 2025.

1.10.2 **ETH0053 Section 125 Cafeteria Plan and Employee Reimbursement Accounts**

The Contract term for Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts will commence on May 1, 2019 and extend through December 31, 2021. The Board retains the option, by mutual agreement of the Board and the Contractor, to renew the Contract for two (2) additional two (2) year renewal periods extending the Contract through December 31, 2025.

1.10.3 **ETH0054 Commuter Fringe Benefit Accounts**

The Contract term for Administrative Services for Commuter Fringe Benefit Accounts will commence on May 1, 2019 and extend through December 31, 2021. The Board retains the option, by mutual agreement of the Board and the Contractor, to renew the Contract for two (2) additional two (2) year renewal periods extending the Contract through December 31, 2025.

1.11 **LETTER OF INTENT**

A letter of intent indicating that a Proposer intends to submit a response to this RFP is requested (see Section 1.9 Calendar of Events). In the letter, identify the Proposer's organization/company name, list the name, location, telephone number, and e-mail address of one or more persons authorized to act on the Proposer's behalf, and identify which RFPs you will be responding to (*ETH0052 Health Savings Accounts; ETH0053 Section 125 Cafeteria Plan and Employee Reimbursement Accounts; and/or ETH0054 Commuter Fringe Benefit Accounts*). Submit the letter of intent via email to the address listed in Section 1.4. The RFP number and title must be referenced in the subject line of Proposer's email. The letter of intent does not obligate the Proposer to submit a Proposal.

1.12 **NO OBLIGATION TO CONTRACT**

The Board reserves the right to cancel this RFP for any reason prior to the issuance of a notice of intent to award a Contract. The Board does not guarantee to purchase any specific dollar amount. Proposals that stipulate that the Board shall guarantee a specific quantity or dollar amount will be disqualified.

1.13 **WI DEPARTMENT OF ADMINISTRATION eSUPPLIER REGISTRATION**

The Wisconsin Department of Administration's eSupplier Portal is available to all businesses and organizations that want to do business with the State. The eSupplier Portal allows vendors to see details about pending invoices and payments, allows vendors to receive automatic, future official notices of bid opportunities, and, in some cases, allows vendors to respond to State solicitations. Note: the eSupplier Portal is not being used for this solicitation for Proposer responses.

For more information on the eSupplier Portal, go to:

https://esupplier.wi.gov/psp/esupplier/SUPPLIER/ERP/h/?tab=WI_BIDDER

1.14 RETENTION OF RIGHTS

All Proposals become the property of the Department upon receipt. All rights, title and interest in all materials and ideas prepared by the Proposer for the Proposal to the Department shall be the exclusive property of the Department and may be used by the State at its discretion.

2 PREPARING AND SUBMITTING A PROPOSAL

2.1 GENERAL INSTRUCTIONS

The evaluation and selection of a Contractor(s) will be based on the information received in the submitted Proposal(s) plus the following optional review methods, at the Department's discretion: reference checks, Proposer presentations, interviews, demonstrations, responses to requests for additional information or clarification, any on-site visits, and/or best and final offers (BAFOs), where requested. Such methods may be used to clarify and substantiate information in the Proposals.

Failure to respond to each of the requirements in this RFP may be the basis for rejecting a Proposal.

Elaborate Proposals (e.g., expensive artwork), beyond that sufficient to present a complete and effective Proposal, are neither necessary nor desired. Marketing or promotional materials should only be provided where specifically requested. If providing such materials, please indicate which question the materials apply to.

All Proposals must be in English.

2.2 INCURRING COSTS

The State of Wisconsin and the Department are not liable for any costs incurred by Proposers in replying to this RFP, making requested oral presentations, or demonstrations.

2.3 SUBMITTING THE PROPOSAL

For each RFP for which the Proposer submits a Proposal (*ETH0052 Health Savings Accounts; ETH0053 Section 125 Cafeteria Plan and Employee Reimbursement Accounts; and/or ETH0054 Commuter Fringe Benefit Accounts*) Proposer must submit the following, including all required materials as specified herein:

- One (1) original hard copy Proposal, clearly labeled "ORIGINAL";
- Seven (7) identical paper copies of the original paper Proposal, marked as "COPY." Indicate the copy number on the cover of each copy (for example: 1 of 7, 2 of 7, etc.); and
- One (1) USB flash drive, which includes the following:
 - One (1) file folder of all electronic Proposal files in Microsoft Word/Microsoft Excel, and/or Adobe Acrobat 9.0 (or above) format. The Department requires that all files have optical character recognition (OCR) capability (not a scanned image). OCR is

the conversion of all images typed, handwritten or printed text into machine-encoded text. The file folder must be labeled “[Proposer Name] PROPOSAL”. All files must have the same pagination as Proposer’s original hard copy Proposal. **Do not include the Cost Proposal in this file folder.**

- One (1) file folder of all electronic Proposal files in Microsoft Word/Microsoft Excel, and/or Adobe Acrobat 9.0 (or above) format **EXCLUDING or REDACTING** all confidential and proprietary information/documents. This file folder must be labeled “[Proposer Name] REDACTED PROPOSAL.” This is the file that will be submitted to requestors for open records requests. Note that no matter what the method the Proposer uses to redact documents, the Department is not responsible for checking that the redactions match the Proposer’s **FORM G – Designation of Confidential and Proprietary Information**. Proposers should be aware that the Department may need to electronically send the redacted materials to members of the public and other Proposers when responding appropriately to open records requests. The Department is not responsible for checking that redactions, when viewed on-screen via electronic file, cannot be thwarted. The Department is not responsible for responding to open records requests via printed hard copy, even if redactions are only effective on printed hard copy. The Department may post redacted Proposals on the Department’s public website in exactly the same file format the Proposer provides, and the Department is not responsible if the redacted file is copied and pasted, uploaded, e-mailed, or transferred via any electronic means, and somehow loses its redactions in that process. All files must have the same pagination as Proposer’s original hard copy Proposal. **Do not include the Cost Proposal in this folder.**
 - Redact only material the Proposer authored. For example, do not redact the requirement or question the Proposer is responding to, only the answer.
 - Do not redact page numbers. Page numbers should remain visible at all times, even if the whole page is being redacted.
 - Sign Form G – Designation of Confidential and Proprietary Information only once. Add as many lines/pages as necessary.
- One (1) file folder containing FORM H – Cost Proposal Workbook labeled “[Proposer Name] COST PROPOSAL.” **Note:** costs provided in Proposer’s Cost Proposal shall NOT be redacted for confidentiality.

IMPORTANT:

- Do not lock or password protect the USB drive.
- Clearly mark the exterior of the USB flash drive with Proposer’s name and the RFP number.
- Flash drives must be free of all malware, ransomware, viruses, spyware, worms, Trojans, or anything that is designed to perform malicious operations on a computer.

Specific Instructions for Submitting FORM H – Cost Proposal Workbook

One original paper copy of the Cost Proposal (FORM H – Cost Proposal Workbook) must be placed in a sealed envelope and submitted in the box containing the Proposals. Each page of the Cost Proposal must contain the Proposer’s name. Mark the outside of the envelope with:

- “[Proposer's Name and Address]”
- Title: COST PROPOSAL, RFP ETH0052-54

IMPORTANT: Proposer's Cost Proposal shall only be included: a) electronically within a separate file folder on the Proposer's USB flash drive submitted to the Department as instructed above, and b) in paper form submitted in a sealed envelope as instructed above.

Proposal Due Date and Time

Proposals received after the date and time specified in Section 1.9 Calendar of Events will not be accepted and will be disqualified. Receipt of a Proposal by the State of Wisconsin mail system does not constitute receipt of a Proposal by the Department, for the purposes of this RFP. All required parts of the Proposal must be submitted by the specified due date and time; if any portion of the Proposal is submitted late, the entire Proposal will be disqualified. Proposers may request, via an email to the address listed in Section 1.4, the time and date their Proposal was received by the Department.

Proposals submitted via fax or e-mail will not be accepted.

Proposal Packaging

The Proposal must be packaged, sealed and show all of the following information on the outside of the package:

- Proposer's company name and address
- RFP Number: *RFP ETH0052-54*
- Proposal Due Date (as specified in Section 1.9 Calendar of Events)

2.4 PROPOSAL ORGANIZATION AND FORMAT

Proposers responding to this RFP must comply with the following format requirements. The Department reserves the right to exclude any Proposals from consideration that do not follow the required format as instructed below.

Format Requirements

- Proposals must be typed and submitted on 8.5 by 11-inch paper and bound securely.
- Only provide promotional materials if they are relevant to a specific requirement of this RFP. If provided, all materials must be included with the response to the relevant requirement and clearly identified as "promotional materials." Electronic access to such materials is preferred, which includes flash drives and web links.

FRONT COVER Front Cover Requirements

Include at a minimum the following information:

- Proposer's company name;
- Title of the following: *Proposal Response for the Wisconsin Department of Employee Trust Funds;*
- The RFP number and name for the program(s) you are proposing: *ETH0052 Health Savings Accounts; ETH0053 Section 125 Cafeteria Plan and Employee Reimbursement Accounts; and/or ETH0054 Commuter Fringe Benefit Accounts;* and,
- Proposal submission date.

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Table of Contents Requirements

Include at a minimum the following information:

- Listing of each TAB number;
- Listing of each TAB description; and,
- Listing of each TAB page number.

TAB 1

General Information and Forms

Provide the following in the following order:

- TRANSMITTAL LETTER: A signed transmittal letter must accompany the Proposal. The transmittal letter must be written on the Proposer's official business stationery and signed by an official that is authorized to legally bind the Proposer. Include in the letter:
 - I. Name and address of company;
 - II. Name, title and signature of Proposer's authorized representative;
 - III. Name, title, telephone number and e-mail address of representatives who may be contacted by the Department if questions arise regarding the Proposal;
 - IV. The RFP number and name for the program(s) you are proposing: *ETH0052 Health Savings Accounts; ETH0053 Section 125 Cafeteria Plan and Employee Reimbursement Accounts; and/or ETH0054 Commuter Fringe Benefit Accounts;* and,
 - V. Executive Summary
- FORM A – Proposal Checklist
- FORM B – Mandatory Proposer Qualifications
- FORM C – Subcontractor Information
- FORM D – Request for Proposal Signature Page
- FORM E – Vendor Information
- FORM F – Vendor References
- FORM G – Designation of Confidential and Proprietary Information
- Current Form W-9 Request for Taxpayer Identification Number and Certification (from the Department of the Treasury, Internal Revenue Service: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>)

NOTE: FORM H – Cost Proposal Workbook must be submitted as stated in Section 2.3 above.

TAB 2**Response to Sections 6 [GENERAL QUESTIONNAIRE] and 7 (TECHNICAL QUESTIONNAIRE(S))**

Provide a point-by-point response to each and every statement in Section 6 and Section 7. The response must follow the same numbering system, use the same headings, and address each point or sub-point listed in the applicable RFP.

Include the documents requested in Sections 6 and 7 (e.g. audited financial statements, account manager resumes, etc.) at the end of the section in your Proposal that corresponds to the Section in the RFP in which the document is requested. Label the document provided with the section number it applies to. For example, put the screen shots called for in Appendix 11 – Technical Questionnaire 1.2.14 in-between 1.2.13 and 1.2.15 and not at the end of your response to Appendix 11 – Technical Questionnaire. Plus, make sure all pages of the screen shots are labelled “Response to Appendix 11 – Technical Questionnaire 1.2.14.”

TAB 3**Assumptions and Exceptions**

If the Proposer has no assumptions or exceptions to any RFP term, condition, appendix, or form, provide a statement in Tab 3 to that effect.

If the Proposer has assumptions and/or exceptions to any RFP term, condition, appendix, or form, follow the following instructions:

Instructions:

- Regardless of any proposed assumption or exception, the Proposal as presented must include all Services requested.
- If the Proposer cannot agree to a term or condition as written, the Proposer must make its specific required revision to the language of the provision by striking out words or inserting required language to the text of the provision. Any new text and deletions of original text must be clearly color coded or highlighted, which requires the Proposer’s response be printed in color. Proposers shall avoid complete deletion and substitution of entire provisions, unless the deleted provision is rejected in its entirety and substituted with substantively changed provisions. Wholesale substitutions of provisions shall not be made in lieu of strategic edits required to reflect Proposer-required modifications.
- Immediately after a proposed revision, the Proposer shall add a concise explanation concerning the reason or rationale for the required revision. Such explanations shall be separate and distinct from the marked-up text and shall be bracketed, formatted in italics and preceded with the term “[*Explanation*:].”
- All provisions on which no changes are noted shall be assumed to be accepted by the Proposer as written and shall not be subject to further negotiation or change of any kind unless otherwise proposed by the Department.
- Submission of any standard Proposer contracts as a substitute for language in the terms and conditions is not a sufficient response to this requirement and may result in rejection of the Proposal. An

objection to terms or conditions without including proposed alternative language will be deemed to be an acceptance of the language as applicable.

- The Department reserves the right to negotiate contractual terms and conditions when it is in the best interest of the State of Wisconsin to do so.
- Exceptions to any RFP terms and conditions may be considered by the Department during Contract negotiations if it is beneficial to the Department.
- The Department may or may not consider any of the Proposer’s suggested revisions. The Department reserves the right to reject any proposed assumptions or exceptions.
- Clearly label each assumption and exception with one of the following labels:
 - Terms and Conditions Assumptions and Exceptions
 - RFP (Excluding Section 8) Assumptions and Exceptions
 - Section 8 Assumptions and Exceptions

Supplemental Information – IMPORTANT

The Department will not allow any assumptions or exceptions by the Proposer to any of the items listed in Table 4 below. Any Proposal with an assumption or exception to any of the items listed in Table 4 will be rejected.

Table 4. No Assumptions or Exceptions Allowed

Ref. No.	Document	Item/Section
1	Appendix 2	3.0 Legal Relations
2	Appendix 2	6.0 Audit Provision
3	Appendix 2	13.0 Contract Dispute Resolution
4	Appendix 2	14.0 Controlling Law
5	Appendix 2	16.0 Termination of this Contract
6	Appendix 2	17.0 Termination for Cause
7	Appendix 2	18.0 Remedies of the State
8	Appendix 2	22.0 Confidential Information and HIPAA Business Associate Agreement
9	Appendix 2	23.0 Indemnification
10	Appendix 2	28.0 Data Security and Privacy Agreement

2.5 MULTIPLE PROPOSALS

Vendors may submit only one proposal for each RFP (*ETH0052 Health Savings Accounts; ETH0053 Section 125 Cafeteria Plan and Employee Reimbursement Accounts; and/or ETH0054 Commuter Fringe Benefit Accounts*). Multiple Proposals from a Proposer for a single RFP program will not be accepted.

2.6 WITHDRAWAL OF PROPOSALS

Proposals shall be irrevocable until the Contract is awarded unless the Proposal is withdrawn. Proposers may withdraw a Proposal in writing at any time up to the date and time listed in Section 1.9 Calendar of Events, for the Proposal Due Date or upon expiration of three (3) Calendar Days after the Proposal Due Date and time, if received by the Department. To accomplish this, the written request must be signed by an authorized representative of the Proposer's company and submitted to the contact listed in Section 1.4, Procuring and Contracting Agency. If a previously submitted Proposal is withdrawn before the Proposal Due Date, the Proposer may submit another Proposal at any time up to the Proposal Due Date and time.

3 PROPOSAL SELECTION AND AWARD PROCESS

3.1 PRELIMINARY EVALUATION

Proposals will initially be reviewed to determine if Mandatory requirements are met and if all required Proposal components are received. Failure to submit a complete Proposal may result in rejection of the entire Proposal. Failure to meet Mandatory requirements as stated in FORM B – Mandatory Proposer Qualifications, or failure to follow the required instructions for completing the Proposal as specifically outlined in this RFP may result in rejection of the Proposal. Failure to provide a complete response to Section 8 in this RFP will result in rejection of a Proposal.

3.2 CLARIFICATION PROCESS

The Department may request Proposers to clarify ambiguities or answer questions related to information presented in their Proposal. Clarifications may occur throughout the Proposal evaluation process. Clarification requests will include appropriate references to this RFP or the Proposal. Responses shall be submitted to the Department in writing within the time required. Failure to provide responses as instructed may result in rejection of a Proposal.

3.3 PROPOSAL SCORING

Proposals that pass the preliminary evaluation may be reviewed by an evaluation committee. The evaluation committee may review written Proposals, references, additional clarifications, oral presentations, site visits and other information to score Proposals. The Department may request reports on a Proposer's financial stability (this includes the Department's request for Proposers to furnish audited financial statements), and if financial stability is not substantiated, may reject a Proposer's Proposal. The Department may request demonstrations/presentations of the

Proposer’s proposed products(s) and/or service(s), and review results of past awards to the Proposer by the State.

A Proposer may not contact any member of the RFP evaluation committee.

The evaluation committee's scoring will be tabulated and Proposals will be ranked based on the numerical scores received.

The evaluation committee reserves the right to stop reviewing a Proposal at any point during the evaluation process and remove the Proposal from further consideration.

3.4 EVALUATION CRITERIA

Proposals will be evaluated based upon the proven ability of the Proposer to satisfy the requirements specified herein in an efficient, cost-effective manner, taking into account quality of services proposed. Proposals will be scored using the following criteria:

Table 5. Evaluation Criteria

RFP SECTION	DESCRIPTION	TOTAL POINTS	%
6	General Questionnaire	300	30%
7	Technical Questionnaire <ul style="list-style-type: none"> • Main Questionnaire – 400 Points • Supplement – 100 Points 	500	50%
8	Cost Proposal	200	20%
	Total	1,000	100%
TOP PROPOSERS ONLY	DESCRIPTION	TOTAL POINTS	%
	Proposer Demonstrations	500	-

3.5 METHOD TO SCORE COST PROPOSALS

The lowest Cost Proposal will receive the maximum number of points available for the cost category. Other Cost Proposals will receive prorated scores based on the proportion that the costs of the Proposals vary from the lowest Cost Proposal. The scores for the cost category will be calculated with a mathematical formula.

3.6 ORAL PRESENTATIONS, DEMONSTRATIONS, AND/OR SITE VISITS

The top scoring Proposers, based on the evaluation of their written Proposal in the general and technical questions of the RFP (Section 6 and 7), may be required to participate in oral presentations, interviews and/or site visits to supplement the Proposals, if requested by the Department. This may include demonstrations of Proposer’s key tools, reporting capabilities and interviews with key Department staff, evaluation committee members, and Board members.

Not all Proposers may be invited for oral presentations, demonstrations, and/or site visits. The Department will make every reasonable attempt to schedule each oral presentation or demonstration at a time that is agreeable to the Proposer. Presentations will be held in Madison,

Wisconsin. Failure of a Proposer to interview or permit a site visit on the date scheduled may result in rejection of the Proposer's Proposal.

By submitting a Proposal in response to this RFP, the Proposer grants rights to the Department to contact or arrange a visit with any or all of the Proposer's clients, Subcontractors, and/or references.

3.7 CONTRACT AWARD

Proposals will be presented to the Board for award based on the results of the general, technical and initial cost evaluations. The Proposal(s) determined to best meet the goals of the State's benefits program may be selected by the Board for further action. The Board reserves the right not to award a Contract. If contract negotiations cannot be concluded successfully with the selected Proposer(s), the Board may negotiate a Contract with another Proposer.

3.8 BEST AND FINAL OFFER (BAFO)

The Department reserves the right to solicit a BAFO and conduct Proposer discussions, request more competitive pricing, clarify Proposals, and contact references with the finalists, should it be in the State's best interest to do so. The Department is the sole determinant of its best interests.

If a BAFO is solicited, it will contain the specific information on what is being requested, as well as submission requirements, and a timeline with due date for submission. Any BAFO responses received by the Department after the stated due date may not be accepted. Proposers that are asked to submit a BAFO may refuse to do so by submitting a written response, indicating their Cost Proposal remains as originally submitted. Refusing to submit a BAFO will not disqualify the Proposer from further consideration.

3.9 RIGHT TO REJECT PROPOSALS AND NEGOTIATE CONTRACT TERMS

This RFP does not commit the Board to awarding a Contract, or paying any cost incurred in the preparation of a Proposal in response to the RFP. The Board retains the right to accept or reject any or all Proposals or accept or reject any part of a Proposal deemed to be in the best interest of the Board. The Board shall be the sole judge as to compliance with the instructions contained in this RFP.

The Board may negotiate the terms of the Contract(s), including the award amount and the Contract length, with the selected Proposer(s) prior to entering into a Contract. The Board reserves the right to add contract terms and conditions to the Contract during contract negotiations and subsequent renewals.

3.10 NOTIFICATION OF INTENT TO AWARD

All Proposers who respond to this RFP will be notified in writing of the Board's intent to award a Contract(s) as a result of this RFP. All decisions and actions under this RFP are solely under the authority of the Board.

3.11 APPEALS PROCESS

Protests of the Board's intent to award a contract(s) must be made in writing and according to the Board's Policy for Vendor Procurement Appeals located at <http://etf.wi.gov/boards/gov-manual->

[gib/vendor.pdf](#). A vendor who wants to appeal the award must first send a written notice indicating that the vendor wants to appeal the award decision. The notice must be received in the Department office listed below no later than five (5) Business Days after the notice of intent to award is issued. Fax and e-mail documents will not be accepted.

A written notice of intent to appeal, and a formal written appeal, must be filed with:

Express/Common Carrier Delivery:

Group Insurance Board
c/o Robert J. Conlin, Secretary
Wisconsin Department of Employee Trust Funds
4822 Madison Yards Way
Madison, WI 53705-9100

United States Postal Service Delivery

Group Insurance Board
c/o Robert J. Conlin, Secretary
Wisconsin Department of Employee Trust Funds
PO Box 7931
Madison WI 53707-7931

Following the notice of intent to appeal, the formal written appeal must be submitted to the Board, c/o the Secretary of the Department at the address listed above, within ten (10) Business Days after the notice of intent to award the contract is issued. Appeal rights are lost if no formal appeal is timely received. The formal appeal must state the RFP number, detailed factual grounds for the objection to the Contract award, and must identify any Wisconsin Statutes and Wisconsin Administrative Codes that are alleged to have been violated. The Vendor can appeal only once per award.

The subjective judgment of evaluation committee members is not appealable. Following Board action, a written decision will be sent to the Vendor. The decision of the Group Insurance Board regarding any appeals is final.

4 MANDATORY PROPOSER QUALIFICATIONS

This section is pass/fail. (0 points)

Use FORM B – Mandatory Proposer Qualifications to respond.

The following requirements are Mandatory for any Proposer who submits a Proposal. Failure to comply with one or more of the Mandatory qualifications may disqualify the Proposer. A response to each item in FORM B – Mandatory Proposer Qualifications is a Mandatory qualification.

Conditions of the RFP that have the word “must” or “shall” describe a Mandatory qualification.

If the Proposer cannot agree to each item listed, the Proposer must so specify and provide the reason for the disagreement in Tab 3 – Assumptions and Exceptions – of the Proposer’s response.

<u>Sect.</u>	<u>Qualification</u>
4.1	Pursuant to Wis. Stat. § 16.705(1r), services must be performed within the United States.
4.2	Proposer agrees that any work products developed by Proposer as part of the project described in this RFP (e.g. all written reports, drafts, presentations and meeting materials, etc.) shall become the property of the Department.
4.3	The Proposer shall have no conflict of interest with regard to any other work performed by the Proposer for the State of Wisconsin.

Sect. **Qualification**

- 4.4 The Proposer shall not be suspended or debarred from performing federal or State government work.
- 4.5 During the past five (5) years, the Proposer must not have been in bankruptcy or receivership or been involved with any litigation alleging breach of contract, fraud, breach of fiduciary duty or other willful or negligent misconduct. If the Proposer provides a response of “DISAGREE,” Proposer must provide details of any pertinent judgment, criminal conviction, investigation or litigation pending against the Proposer.

5 PROGRAM SPECIFICATIONS

This section is NOT scored. (0 points)

The applicable Program Agreement will contain the minimum program requirements that the Contractor for each program shall meet. The Program Agreement will become part of the Contract. See Appendix 9 – State of Wisconsin Program Agreement. All terms, standards, specifications and conditions for each program listed in the Program Agreement are Mandatory requirements for that program. Failure to comply with any term, standard, specification or condition within the Program Agreement may disqualify the Proposer. Any additions or clarifications to the Program Agreement will be drafted during Contract negotiations.

If the Proposer cannot agree to each item or term listed in the Program Agreement, the Proposer must so specify and provide the reason for the disagreement in Tab 3 – Assumptions and Exceptions, of Proposer’s response.

6 GENERAL QUESTIONNAIRE

This section is scored. (300 total points)

The purpose of this section is to provide the Department and the Board with a basis for determining the Proposer’s capability to undertake the Contract.

See Appendix 10 – General Questionnaire for the questions and requirements that must be answered/addressed. Please note that Appendix 10 – General Questionnaire applies to all three RFP programs: HSA, Section 125 Cafeteria Plan/ERA and Commuter Fringe Benefits.

All Proposers must respond to the questions/requirements in Appendix 10 – General Questionnaire by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this section are found in Section 2.4 Proposal Organization and Format.

The Proposer must be able to perform Services according to the requirements contained in this RFP.

Information described in the Proposal response regarding programming and capabilities must be available to all eligible members unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the evaluation committee, the Board and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes that the Proposer’s qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in the appropriate section of the Proposal. **Fees**

related to any Services in the Proposal must be noted in the Cost Proposal only. Do not include cost/pricing information in any other section of the Proposal.

7 TECHNICAL QUESTIONNAIRE

This section is scored. (500 total points)

The purpose of this section is to provide the Department and the Board with a basis for determining the Proposer's capability to undertake the Contract.

See Table 6 – Technical Questionnaire Components for the documents containing the questions and requirements that must be answered/addressed by the Proposer for each different program being proposed. Please note that Appendix 11 – Technical Questionnaire includes a separate supplement for each program:

- Appendix 11A – Technical Questionnaire: HSA Supplement
- Appendix 11B - Technical Questionnaire: Section 125 Cafeteria Plan/ERA Supplement
- Appendix 11C - Technical Questionnaire: Fringe Benefit Supplement

Table 6. Technical Questionnaire Components

RFP SECTION	DESCRIPTION
Appendix 11	Technical Questionnaire
Appendix 11A	HSA Technical Questionnaire Supplement
Appendix 11B	Section 125 Cafeteria Plan/ERA Technical Questionnaire Supplement
Appendix 11C	Commuter Fringe Benefit Technical Questionnaire Supplement

All Proposers must respond to the questions/requirements in the above-listed appendices and supplements as appropriate for the programs being offered by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this section are found in Section 2.4 Proposal Organization and Format.

The Proposer must be able to perform Services according to the requirements contained in this RFP.

Information described in the Proposal response regarding programming and capabilities must be available to all eligible members unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the Board and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section. Associated costs should be listed in the Cost Proposal only.

Fees related to any Services should not be noted in this section but must be included in the Cost Proposal.

8 COST PROPOSAL

This section is scored. (200 total points)

This section describes additional Proposal submission requirements.

FORM H – Cost Proposal Workbook is available on the Department’s extranet site at: <https://etfonline.wi.gov/etf/internet/RFP/rfp.html>

All Proposers must complete the appropriate tabs of the Cost Proposal workbook for the programs being proposed. Administrative fees should be entered in the appropriate form indicated (implementation, per participant per benefit per month (PPPBPM), additional services, etc.). Instructions to submit the Cost Proposal are provided in Section 2.3 above and in the Instruction Tab within the Cost Proposal Workbook.

The Department reserves the right to clarify any pricing discrepancies related to assumptions on the part of the Proposers. Such clarifications will be solely to provide consistent assumptions from which an accurate cost comparison can be achieved for scoring.

Costs outlined in Proposer’s Cost Proposal shall remain firm for the initial Contract period.

Only dollar and number values will be accepted on the Cost Proposal. Any description other than number value such as, but not limited to: “no cost,” “included,” “see below,” “-”, “n/a,” etc. will not be accepted. A cost value of \$0.00 shall indicate the deliverable is no cost to the Department.

If a cost is not provided in a cell, it will indicate the Proposer does not provide the specific service.

Cost Proposals that are not otherwise confidential under state or federal law are not Confidential Information.

9 CONTRACT TERMS AND CONDITIONS

This section is NOT scored. (0 points)

The Department will execute a Contract with the awarded Contractor(s). A Pro Forma Contract is located in Appendix 1 and is attached as an example. The Contract and any subsequent renewal(s) will incorporate all terms and conditions in this RFP (for the programs being offered by the Proposer), including all attachments, exhibits, forms, appendices, etc., made a part of this RFP, the appropriate Program Agreement(s), and Contractor’s Proposal.

9.1 BOARD AND DEPARTMENT AUTHORITY

This solicitation is authorized under Chapter 40 of the Wisconsin State Statutes. Procurement statutes and rules that govern other State agencies may not be applicable. All decisions and actions under this RFP are solely under the authority of the State of Wisconsin Group Insurance Board. The Department is acting as an agent of the Board in carrying out any directives or decisions relating to this RFP, the Contract and subsequent awards. All references to the “Department”, “ETF”, “State of Wisconsin”, “State” or “Board” in any term, condition, or specification shall have the same authority as one entity. The Department is the sole point of contact for Board contracting.

9.2 PAYMENT TERMS

- Invoices must be itemized by cost categories of expenses actually incurred.
- Invoices shall include the purchase order number when issued.

- Invoices will be submitted in accordance with the Department's direction.
- The Department anticipates administrative fee invoices will be received monthly and point-of-claims invoices will be received bi-weekly.
- See the Program Agreement (Appendix 9) for invoicing and payment information.



Department of Employee Trust Funds
 P.O. Box 7931
 Madison, WI 53707-7931

Appendix 1 Pro Forma Contract by Authorized Board

Request for Proposal Number/Contract Number/Service:

- ETH0052 Third Party Administration of Health Savings Accounts (HSA)
- ETH0053 Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA)
- ETH0054 Third Party Administration of Fringe Benefit Accounts

Authorized Board: Group Insurance Board

Contract Period: xxxx - xxxx with the option for renewal for xxxx

1. This Contract is entered into by the State of Wisconsin Department of Employee Trust Funds (Department or ETF) on behalf of the State of Wisconsin Group Insurance Board (Board), and xxx (Contractor), whose address and principal officer appear below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and Contractor agrees to supply the Contract requirements in accordance with the Department Terms and Conditions, and the documents specified in the order of precedence below, hereby made a part of this Contract by reference.
3. For purposes of administering this Contract, the order of precedence is:
 - (a) This Contract;
 - (b) Exhibit A, Contract Clarifications;
 - (d) Program Agreement dated xx;
 - (e) Request for Proposal (RFP) xx dated June 21, 2018; and,
 - (e) Contractor's proposal dated xxxx.

State of Wisconsin Department of Employee Trust Funds
Authorized Board:
By (Name):
Signature:
Date of Signature:
Contact A. John Voelker, ETF Deputy Secretary, if questions arise: (608) xxx

Contractor
Legal Company Name: <i>SAMPLE</i>
Trade Name:
Taxpayer Identification Number: xxx
Contractor Address (Street Address, City, State, Zip):
Name & Title (print name and title of person authorized to legally sign for and bind Contractor):
Signature: <i>SAMPLE</i>
Date of Signature:
Email: Phone:



Department of Employee Trust Funds

P.O. Box 7931
Madison, WI 53707-7931

Appendix 2
DEPARTMENT TERMS AND CONDITIONS

Rev. Date 03-01-2018

- 1.0 ENTIRE AGREEMENT:** The following terms and conditions are hereby made a part of the underlying contract. These Department Terms and Conditions, the underlying contract, its exhibits, subsequent amendments and other documents incorporated by order of precedence in the contract encompass the entire contract ("Contract") and contain the entire understanding between the Wisconsin Department of Employee Trust Funds ("Department") and the contractor named in the Contract ("Contractor") on the subject matter hereof, and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect. The Contract supersedes any other oral or written agreement entered into between the Department and the Contractor on the subject matter hereof. The terms "State," "ETF," and "Department" may be used interchangeably herein.

The Contract may be amended at any time by written mutual agreement of the Department and Contractor, but any such amendment shall be without prejudice to any claim arising prior to the date of the change. No one, except duly authorized officers or agents of the Contractor and the Department, shall alter or amend the Contract. No change in the Contract shall be valid unless evidenced by an amendment that is signed by such officers of the Contractor and the Department.

- 2.0 COMPLIANCE WITH THE CONTRACT AND APPLICABLE LAW:** In the event of a conflict between the Contract and any applicable federal or state statute, administrative rule, or regulation; the statute, rule, or regulation will control.

In connection with the performance of work under the Contract, the Contractor agrees not to discriminate against employees or applicants for employment because of age, race, religion, creed, color, handicap, physical condition, developmental disability as defined in Wis. Stat. § 51.01 (5); marital status, sex, sexual orientation, national origin, ancestry, arrest record, conviction record; or membership in the national guard, state defense force, or any reserve component of the military forces of the United States or the state of Wisconsin (the "State"). This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Contractor further agrees to take affirmative action to ensure equal employment opportunities.

Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan by the Contractor. Contractors with an annual work force of less than fifty (50) employees are exempt from this requirement. Contractor shall provide the plan to the Department within fifteen (15) business days of the Department's request for such plan after the award of the Contract.

The Contractor shall comply with all applicable requirements and provisions of the Americans with Disabilities Act (ADA) of 1990. Evidence of compliance with ADA shall be made available to the Department upon request.

The Contractor acknowledges that Wis. Stat. § 40.07 specifically exempts information related to individuals in the records of the Department of Employee Trust Funds from the Wisconsin Public Records Law. Contractor shall treat any such records provided to or accessed by Contractor as non-public records as set forth in Wis. Stat. § 40.07.

Contractor will comply with the provisions of Wis. Stat. § 134.98 Notice of Unauthorized Acquisition of Personal Information.

- 3.0 LEGAL RELATIONS:** The Contractor shall at all times comply with and observe all federal and State laws, local laws, ordinances, and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct. This includes but is not limited to laws regarding compensation, hours of work, conditions of employment and equal opportunities for employment.

In carrying out any provisions of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters that the Department acts as an agent of the State.

The Contractor accepts full liability and agrees to hold harmless the State, the Department's governing boards, the Department, its employees, agents and contractors for any act or omission of the Contractor, or any of its employees, in connection with the Contract.

No employee of the Contractor may represent himself or herself as an employee of the Department or the State.

- 4.0 CONTRACTOR:** The Contractor will be the sole point of contact with regard to contractual matters, including the performance of services specified in the Contract (the "Services") and the payment of any and all charges resulting from contractual obligations.

None of the Services to be provided by the Contractor shall be subcontracted or delegated to any other organization, subdivision, association, individual, corporation, partnership or group of individuals, or other such entity without prior written notification to, and approval of, the Department.

After execution of the Contract, the Department will provide Contractor with the name of the Department's designated contact person and commit to a timely approval process for Contractor's notification of a change in subcontractor(s) and/or delegated Services.

The Contractor shall be solely responsible for its actions and those of its agents, employees or subcontractors under the Contract. The Contractor will be responsible for Contract performance when subcontractors are used. Subcontractors must abide by all terms and conditions of the Contract.

Neither the Contractor nor any of the foregoing parties has the authority to act or speak on behalf of the State.

The Contractor will be responsible for payment of any losses by its subcontractors or agents.

Any notice required or permitted to be given shall be deemed to have been given on the date of delivery or three (3) business days after mailing by the United States Postal Service, certified or registered mail-receipt requested. In the event the Contractor moves or updates contact information, the Contractor shall inform the Department of such changes in writing within ten (10) business days. The Department shall not be held responsible for payments delayed due to the Contractor's failure to provide such notice.

- 5.0 CONTRACTOR PERFORMANCE:** Work under the Contract shall be performed in a timely, professional and diligent manner by qualified and efficient personnel and in conformity with the strictest quality standards mandated or recommended by all generally-recognized organizations establishing quality standards for the work of the type specified in the Contract. The Contractor shall be solely responsible for controlling the manner and means by which it and its employees or its subcontractors perform the Services, and the Contractor shall observe, abide by, and perform all of its obligations in accordance with all legal and Contract requirements.

Without limiting the foregoing, the Contractor shall control the manner and means of the Services so as to perform the work in a reasonably safe manner and comply fully with all applicable codes, regulations and requirements imposed or enforced by any government agencies. Notwithstanding the foregoing, any stricter standard provided in plans, specifications or other documents incorporated as part of the Contract shall govern.

The Contractor shall provide the Services with all due skill, care, and diligence, in accordance with accepted industry practices and legal requirements, and to the Department's satisfaction; the Department's decision in that regard shall be final and conclusive.

All Contractor's Services under the Contract shall be performed in material compliance with the applicable federal and state laws and regulations in effect at the time of performance, except when imposition of a newly enacted or revised law or regulation would result in an unconstitutional impairment of the Contract.

The Contractor will make commercially reasonable efforts to ensure that Contractor's professional and managerial staff maintain a working knowledge and understanding of all federal and state laws, regulations, and administrative code appropriate for the performance of their respective duties, as well as contemplated changes in such law which affect or may affect the Services delivered under the Contract.

The Contractor shall maintain a written contingency plan describing in detail how it will continue operations and Services under the Contract in certain events including, but not limited to, strike and disaster, and shall submit it to the Department upon request.

- 6.0 AUDIT PROVISION:** The Contractor and its authorized subcontractors are subject to audits by the State, the Legislative Audit Bureau (LAB), an independent Certified Public Accountant (CPA), or other representatives as authorized by the State. The Contractor will cooperate with such efforts and provide all requested information permitted under the law.

6.1 SOC Report: If the Department requires Contractor to provide a SOC Audit, Contractor will furnish the Department with an annual copy of an Independent Service Auditor's Report on Management's Description of the Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls (SOC 1, Type 2), which will be provided to the Department by May 1 following each plan year. This independent audit of the Contractor's controls must be completed in accordance with the American Institute of Certified Public Accountants' Statements on Standards for Attestation Engagements (SSAE) No. 18 (SOC 1, Type 2). The

SSAE 18 (SOC 1, Type 2) annual audit will include all programs under the Contract and will be conducted at the Contractor's expense. If the Contractor's SSAE 18 (SOC 1, Type 2) audit covers less than the twelve (12) months of a calendar year, the Contractor will provide a bridge letter to the Department, stating whether processes and controls have changed since the SSAE 18 (SOC 1, Type 2) audit.

- 6.2 Contract Compliance Audit:** The Department may schedule and arrange for an independent certified public accountant to perform agreed upon procedures or consulting work related to the Contractor's compliance with the Contract on a periodic basis, as determined by the Department. The audit scope will be determined by the Department and may include recordkeeping, participant account activity, claims processing, administrative performance standards, and any other relevant areas to the programs under the Contract. The timeline of the audit will be mutually agreed upon by the Department and the Contractor. A minimum ten (10) business day notice is required.
- 6.3 Open Access:** All Contractor books, records, ledgers, data, and journals relating to the programs under the Contract will be open for inspection and audit by the Department, its designees, or the State of Wisconsin Legislative Audit Bureau, at any time during normal working hours. A minimum ten (10) business day notice will be provided. Records or data requested shall be provided electronically in a format mutually agreed upon by the Department and Contractor. The Department shall have access to interview any employee and authorized agent of the Contractor involved with the Contract in conjunction with any audit, review, or investigation deemed necessary by the Department or the State.
- 6.4 LAB Audit:** The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wisconsin Statute 13.94 (1) (dd). The Contractor agrees to provide necessary information related to any such audit for all programs under the Contract, as requested by the Department or auditor.
- 7.0 CRIMINAL BACKGROUND VERIFICATION:** The Department follows the provisions in the Wisconsin Human Resources Handbook Chapter 246, Securing Applicant Background Checks (see https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH_Ch_246.pdf<http://doa.wi.gov/Documents/DPM/Document%20Library/Chap246VerifyingApplicantInfoSecuringBackgroundChecks.pdf>). The Contractor is expected to perform background checks that, at a minimum, adhere to those standards. This includes the criminal history record from the Wisconsin Department of Justice (DOJ), Wisconsin Circuit Court Automation Programs (CCAP), and other State justice departments for persons who have lived in a state(s) other than Wisconsin. More stringent background checks are permitted. Details regarding the Contractor's background check procedures should be provided to the Department regarding the measures used by the Contractor to protect the security and privacy of program data and participant information. A copy of the results of the criminal background checks the Contractor conducted must be made available to the Department upon request. The Department reserves the right to conduct its own criminal background checks on any or all employees or subcontractors of and referred by the Contractor for the delivery or provision of Services.
- 8.0 COMPLIANCE WITH ON-SITE PARTY RULES AND REGULATIONS:** Contractor and the Department agree that their employees, while working at or visiting the premises of the other party, shall comply with all internal rules and regulations of the other party, including security procedures, and all applicable federal, state, and local laws and regulations applicable to the location where said employees are working or visiting.
- The Department is responsible for allocating building and equipment access, as well as any other necessary services available from the Department that may be used by the Contractor. Any use of the Department facilities, equipment, internet access, and/or services shall only be to assist Contractor in providing the Services, as authorized by the Department. The Contractor will provide its own personal computers, which must comply with the Department security policies before connection to the Department's local computer network.
- 9.0 SECURITY OF PREMISES, EQUIPMENT, DATA AND PERSONNEL:** The Department shall have the right, acting by itself or through its authorized representatives, to enter the premises of the Contractor at mutually agreeable times to inspect and copy the records of the Contractor and the Contractor's compliance with this section. In the course of performing Services under the Contract, the Contractor may have access to the personnel, premises, equipment, and other property, including data files, information, or materials (collectively referred to as "data") belonging to the Department.
- The Contractor shall be responsible for damage to the Department's equipment, workplace, and its contents, or for the loss of data, when such damage or loss is caused by the Contractor, contracted personnel, or subcontractors, and shall reimburse the Department accordingly upon demand. This remedy shall be in addition to any other remedies available to the Department by law or in equity.
- 10.0 BREACH NOT WAIVER:** A failure to exercise any right, or a delay in exercising any right, power or remedy hereunder on the part of either party shall not operate as a waiver thereof. Any express waiver shall be in writing and shall not affect any event or default other than the event or default specified in such waiver. A waiver of any covenant, term or condition contained herein or in the Contract shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The making of any payment to the Contractor under the Contract shall not constitute a

waiver of default, evidence of proper Contractor performance, or acceptance of any defective item or Services furnished by the Contractor.

11.0 SEVERABILITY: The provisions of the Contract shall be deemed severable and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. If any provision of the Contract, for any reason, is declared to be invalid, unenforceable, or illegal, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

12.0 LIQUIDATED DAMAGES: The Contractor and Department acknowledge that it can be difficult to ascertain actual damages when a Contractor fails to carry out its responsibilities under the Contract. Because of that, the Contractor and Department will negotiate liquidated damages, as required by the Department, for the Contract. The Contractor agrees that the Department shall have the right to liquidate such damages, through deduction from the Contractor's invoices, in the amount equal to the damages incurred, or by direct billing to the Contractor.

The Department shall notify the Contractor in writing of any claim for liquidated damages pursuant to this section within thirty (30) calendar days after the Contractor's failure to perform in accordance with the terms and conditions of the Contract.

Notwithstanding the foregoing language, when necessary, the Department will identify in the Contract, specific financial penalties for failure of the Contractor to meet performance standards and guarantees. If the Contract was established through the Department's Request for Bid (RFB) or Request for Proposals (RFP) procurement process, such performance standards and guarantees may have been set forth in the RFB/RFP.

13.0 CONTRACT DISPUTE RESOLUTION: In the event of any dispute or disagreement between the parties under the Contract, whether with respect to the interpretation of any provision of the Contract, or with respect to the performance of either party thereto, except for breach of Contractor's intellectual property rights, each party shall appoint a representative to meet for the purpose of endeavoring to resolve such dispute or negotiate for an adjustment to such provision.

Contractor shall continue without delay to carry out all its responsibilities under the Contract, which are not affected by the dispute. Should Contractor fail to perform its responsibilities under the Contract that are not affected by the dispute without delay, any and all additional costs incurred by the Contractor and the Department as a result of such failure to proceed shall be borne by the Contractor and the Contractor shall not make any claim against the Department for such costs. The Department's non-payment of fees in breach of the Contract that are overdue by sixty (60) calendar days is a dispute that will always be considered to affect Contractor's responsibilities.

No legal action of any kind, except for the seeking of equitable relief in the case of the public's health, safety or welfare, may begin in regard to the dispute until this dispute resolution procedure has been elevated to the Contractor's highest executive authority and the equivalent executive authority within the Department, and either of the representatives in good faith concludes, after a good faith attempt to resolve the dispute, that amicable resolution through continued negotiation of the matter at issue does not appear likely.

The party believing itself aggrieved (the "Invoking Party") shall call for progressive management involvement in the dispute negotiation by delivering written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by the Contract. After such notice, the parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between authorized negotiators for the parties at the following successive management levels, each of which shall have a period of allotted time as specified below in which to attempt to resolve the dispute:

Level	Contractor	The Department	Allotted Time
First	Level 1 entity	Level 1 entity	10 Business Days
Second	Level 2 entity	Level 2 entity	20 Business Days
Third	Level 3 entity	Level 3 entity	30 Business Days

The allotted time for the First Level negotiations shall begin on the date the Invoking Party's notice is received by the other party. Subsequent allotted time is days from the date that the Invoking Party's notice was originally received by the other party. If the Third Level parties cannot resolve the issue within thirty (30) business days of the Invoking Party's original notice, then the issue shall be designated as a dispute at the discretion of the Invoking Party and, if so, shall be resolved in accordance with the section below. The time periods herein are in addition to those periods for a party to cure provided elsewhere in the Contract, and do not apply to claims for equitable relief (e.g., injunction to prevent disclosure of Confidential Information). The Department may withhold payments on disputed items pending resolution of the dispute.

14.0 CONTROLLING LAW: All questions as to the execution, validity, interpretation, construction and performance of the Contract shall be construed in accordance with the laws of the State of Wisconsin, without regard to any conflicts of

laws or choice of law principles. Any court proceeding arising or related to the Contract or a party's obligations under the Contract shall be exclusively brought and exclusively maintained in the State of Wisconsin, Dane County Circuit Court, or in the District Court of the United States Western District (if jurisdiction is proper in federal court), or upon appeal to the appellate courts of corresponding jurisdiction, and Contractor hereby consents to the exclusive jurisdiction and exclusive venue therein and waives any right to object to such jurisdiction or venue. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, the same.

15.0 RIGHT TO SUSPEND OPERATIONS: If, at any time during the period of the Contract, the Department determines that the best interest of the Department or its governing boards would be best served by the Contractor temporarily holding of all Services, the Department will promptly notify the Contractor. Upon receipt of such notice, the Contractor shall suspend all Services.

16.0 TERMINATION OF THE CONTRACT: The Department may terminate the Contract at any time at its sole discretion by delivering one-hundred eighty (180) calendar days written notice to the Contractor.

Upon termination, the Department's liability shall be limited to the prorated cost of the Services performed as of the date of termination plus expenses incurred with the prior written approval of the Department.

If the Contractor terminates the Contract, the Contractor shall refund all payments made under the Contract by the Department to the Contractor for work not completed or not accepted by the Department. Such termination shall require written notice to that effect to be delivered by the Contractor to the Department not less than one-hundred eighty (180) calendar days prior to said termination.

Upon any termination of the Contract, the Contractor shall perform the Services specified in a transition plan if so requested by the Department; provided, however, that except as expressly set forth otherwise herein, the Contractor shall not be obligated to perform such Services unless all amounts due to the Contractor under the Contract, including payment for the transition Services, have been paid. Failure of the Contractor to comply with a transition plan upon the Department's request and upon payment shall constitute a separate breach for which the Contractor shall be liable.

Upon the expiration or termination of the Contract for any reason, each party shall be released from all obligations to the other arising after the expiration date or termination date, except for those that by their terms survive such termination or expiration.

17.0 TERMINATION FOR CAUSE: If the Contractor fails to perform any material requirement of the Contract, breaches any material requirement of the Contract, or if the Contractor's full and satisfactory performance of the Contract is substantially endangered, the Department may terminate the Contract. Before terminating the Contract, the Department shall give written notice of its intent to terminate to Contractor after a thirty (30) calendar day written notice and cure period.

The Department reserves the right to cancel the Contract in whole or in part without penalty in the event one (1) or more of the following occurs:

1. If the Contractor intentionally furnished any statement, representation, warranty, or certification, in connection with the Contract which is materially false, incorrect, or incomplete;
2. If applicable, if the Contractor fails to follow the sales and use tax certification requirements of Wis. Stat. § 77.66;
3. If the Contractor incurs a delinquent Wisconsin tax liability;
4. If the Contractor fails to submit a non-discrimination or affirmative action plan per the requirements of Wis. Stat. § 16.765 and Wisconsin's Fair Employment Law, subch. II, Chapter 111 of the Wisconsin Statutes as required herein;
5. If the Contractor is presently identified on the list of parties excluded from State of Wisconsin procurement and non-procurement contracts;
6. If the Contractor becomes a state or federal debarred Contractor, or becomes excluded from State contracts;
7. If the Contractor fails to maintain and keep in force all required insurance, permits and licenses as required per the Contract;
8. If the Contractor fails to maintain the confidentiality of the Department's information that is considered to be Confidential Information or Protected Health Information;
9. If the Contractor files a petition in bankruptcy, become insolvent, or otherwise takes action to dissolve as a legal entity;
10. If at any time the Contractor's performance threatens the health or safety of a State employee, citizen, or customer;
11. If the Contractor violates any requirements in Section 22.0 below regarding Confidential Information; or
12. If the Department or State fails to appropriate funds for the project described in the Contract.

In the event of a termination for cause by the Department, the Department shall be liable for payments for any work accepted by the Department prior to the date of termination.

18.0 REMEDIES OF THE DEPARTMENT: The Department shall be free to invoke any and all remedies permitted under Wisconsin law. In particular, if the Contractor fails to perform as specified in the Contract, the Department may issue a written notice of default providing for at least a seven (7) business day period in which the Contractor shall have an opportunity to cure, provided that cure is possible, feasible, and approved in writing by the Department. Time allowed for cure of a default shall not diminish or eliminate the Contractor's liability. If the default remains, after opportunity to cure, then the Department may: (1) exercise any remedy provided in law or in equity or (2) terminate Contractor's Services.

If the Contractor fails to remedy any delay or other problem in its performance of the Contract after receiving reasonable notice from the Department to do so, the Contractor shall reimburse the Department for all reasonable costs incurred as a direct consequence of the Contractor's delay, action, or inaction.

In case of failure to deliver Services in accordance with the Contract, or services from other sources as necessary to fulfill the Contract, the Contractor shall be responsible for the additional cost of such services, including purchase price and administrative fees. This remedy shall be in addition to any other legal remedies available to the Department.

19.0 TRANSITIONAL SERVICES: Upon cancellation, termination, or expiration of the Contract for any reason, the Contractor shall provide reasonable cooperation, assistance and Services, and shall assist the Department to facilitate the orderly transition of the work under the Contract to the Department and/or to an alternative contractor selected for the transition upon written notice to the Contractor at least thirty (30) business days prior to termination or cancellation, and subject to the terms and conditions set forth in the Contract.

20.0 ADDITIONAL INSURANCE RESPONSIBILITY: The Contractor shall exercise due diligence in providing the Services under the Contract. In order to protect the Department's governing boards and any Department employee against liability, cost, or expenses (including reasonable attorney fees), which may be incurred or sustained as a result of Contractor's errors or other failure to comply with the terms of the Contract, the Contractor shall maintain errors and omissions insurance including coverage for network and privacy risks, breach of privacy and wrongful disclosure of information in an amount acceptable to the Department with a minimum of **\$1,000,000** per claim and **\$5,000,000** aggregate in force during the Contract period and for a period of three (3) years thereafter for Services completed. Contractor shall furnish the Department with a certificate of insurance for such amount. Further, this certificate shall designate the State of Wisconsin Department of Employee Trust Funds and its affiliated boards as additional insured parties. The Department reserves the right to require higher or lower limits where warranted.

21.0 OWNERSHIP OF MATERIALS: Except as otherwise provided in subsection (t) of Section 22, all information, data, reports and other materials as are existing and available from the Department and which the Department determines to be necessary to carry out the scope of Services under the Contract shall be furnished to the Contractor and shall be returned to the Department upon completion of the Contract. The Contractor shall not use such materials for any purpose other than carrying out the work described in the Contract.

The Department will be furnished without additional charge all data, models, information, reports, and other materials associated with and generated under the Contract by the Contractor.

The Department shall solely own all customized software, documents, and other materials developed under the Contract. Use of such software, documents, and materials by the Contractor shall only be with the prior written approval of the Department.

The Contract shall in no way affect or limit the Department's rights to use, disclose or duplicate, for any purpose whatsoever, all information and data pertaining to the Department, employees or members and generated by the claims administration and other Services provided by Contractor under the Contract.

All files (paper or electronic) containing any Wisconsin plan member, claimant or employee information and all records created and maintained in the course of the work specified by the Contract are the sole and exclusive property of the Department. Contractor may maintain copies of such files during the term of the Contract as may be necessary or appropriate for its performance of the Contract. Moreover, Contractor may maintain copies of such files after the term of the Contract (i) for one hundred twenty (120) days after termination, after which all such files shall be transferred to the Department or destroyed by Contractor, except for any files as to which a claim has been made, and (ii) for an unlimited period of time after termination for Contractor's use for statistical purposes, if Contractor first deletes all information in the records from which the identity of a claimant or employee could be determined and certifies to the Department that all personal identifiers have been removed from the retained files.

22.0 CONFIDENTIAL INFORMATION AND HIPAA BUSINESS ASSOCIATE AGREEMENT: This Section is intended to cover handling of Confidential Information under State and federal law, and specifically to comply with the requirements of the Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and

Clinical Health Act (HITECH), the Genetic Information Nondiscrimination Act (GINA), and the federal implementing regulations for those statutes requiring a written agreement with business associates.

- (a) **DEFINITIONS:** As used herein, unless the context otherwise requires:
- (1) Business Associate. "Business Associate" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Contractor.
 - (2) Confidential Information. "Confidential Information" has the meaning set forth below in Section 28.0.
 - (3) Covered Entity. "Covered Entity" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Department of Employee Trust Funds.
 - (4) HIPAA Rules. "HIPAA Rules" mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.
 - (5) Individual Personal Information. "Individual Personal Information" has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1).
 - (6) Medical Record. "Medical Record" has the meaning ascribed to it at Wis. Admin. Code ETF 10.01 (3m).
 - (7) Protected Health Information. "Protected Health Information" has the meaning ascribed to it under 45 s. CFR 160.103.
- (b) **PROVISION OF CONFIDENTIAL INFORMATION FOR CONTRACTED SERVICES:** The Department, a different business associate of the Department or a contractor performing services for the Department may provide Confidential Information to the Contractor under the Contract as the Department determines is necessary for the proper administration of the Contract, as provided by Wis. Stat. § 40.07 (1m) (d) and (3).
- (c) **DUTY TO SAFEGUARD CONFIDENTIAL INFORMATION:** The Contractor shall safeguard Confidential Information supplied to the Contractor or its employees under the Contract. In addition, the Contractor will only share Confidential Information with its employees on a need-to-know basis. Should the Contractor fail to properly protect Confidential Information, any cost the Department pays to mitigate the failure will be subtracted from the Contractor's invoice(s).
- (d) **USE AND DISCLOSURE OF CONFIDENTIAL INFORMATION:** Contractor shall:
- (1) Not use or disclose Confidential Information for any purpose other than as permitted or required by the Contract or as required by law. Contractor shall not use or disclose member or employee names, addresses, or other data for any purpose other than specifically provided for in the Contract;
 - (2) Make uses and disclosures and requests for any Confidential Information following the minimum necessary standard in the HIPAA Rules;
 - (3) Use appropriate safeguards to prevent use or disclosure of Confidential Information other than as provided for by the Contract, and with respect to Protected Health Information, comply with Subpart C of 45 CFR Part 164;
 - (4) Not use or disclose Confidential Information in a manner that would violate Subpart E of 45 CFR Part 164 or Wis. Stat. § 40.07; and
 - (5) If applicable, be allowed to use or disclose Confidential Information for the proper management and administration of the Contractor or to carry out the legal responsibilities of the Contractor, provided the disclosures are required by law, or Contractor obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Contractor of any instances of which it is aware in which the confidentiality of the information has been or is suspected of being breached.
- (e) **COMPLIANCE WITH ELECTRONIC TRANSACTIONS AND CODE SET STANDARDS:** The Contractor shall comply with each applicable requirement of 45 C.F.R. Part 162 if the Contractor conducts standard transactions, as that term is defined in HIPAA, for or on behalf of the Department.
- (f) **MANDATORY REPORTING:** Contractor shall report to the Department in the manner set forth in Subsection 22(l) any use or disclosure or suspected use or disclosure of Confidential Information not provided for by the Contract, of which it becomes aware, including breaches or suspected breaches of unsecured Protected Health Information as required at 45 CFR 164.410.
- (g) **DESIGNATED RECORD SET:** Contractor shall make available Protected Health Information in a designated record set to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.524.
- (h) **AMENDMENT IN DESIGNATED RECORD SET:** Contractor shall make any amendment to Protected Health Information in a designated record set as directed or agreed to by the Department pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy the Department's obligations under 45 CFR 164.526.

- (i) **ACCOUNTING OF DISCLOSURES:** Contractor shall maintain and make available the information required to provide an accounting of disclosures to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.528.
- (j) **COMPLIANCE WITH SUBPART E OF 45 CFR 164:** To the extent Contractor is to carry out one or more of the Department's obligations under Subpart E of 45 CFR Part 164, Contractor shall comply with the requirements of Subpart E that apply to a covered entity in the performance of such obligation.
- (k) **INTERNAL PRACTICES:** Contractor shall make its internal practices, books, and records available to the Secretary of the United States Department of Labor for purposes of determining compliance with the HIPAA Rules.
- (l) **CONTRACTOR REPORTING OF BREACH OR SUSPECTED BREACH OR DISCLOSURE TO THE DEPARTMENT:**
 - (1) Within twenty-four (24) hours after Contractor becomes aware of a suspected breach, impermissible use, or impermissible disclosure, Contractor shall notify in writing the Department Program Manager and Privacy Officer. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to Contractor, or, by exercising reasonable diligence, would have been known to Contractor. The notification must contain details sufficient for the Department Program Manager and Privacy Officer to determine the Department's response. Sufficient details include, without limitation:
 - a. A list of any persons affected (if available);
 - b. Information about the information included in the breach, impermissible use, or impermissible disclosure;
 - c. The date or dates of the suspected breach, impermissible use, or impermissible disclosure;
 - d. The date of the discovery by Contractor;
 - e. A list of the proactive steps taken by Contractor and being taken to correct the breach, impermissible use or impermissible disclosure; and
 - f. Contact information at Contractor for affected persons who contact the Department regarding the issue.
 - (2) Not less than one (1) business day before Contractor makes any external communications to the public, media, federal Office for Civil Rights (OCR), other governmental entity, or persons potentially affected by the breach, impermissible use, or impermissible disclosure, provide a copy of the planned communication to the Department Program Manager and Privacy Officer.
 - (3) Within thirty (30) business days after Contractor makes the initial report under this section, Contractor shall research the suspected breach, impermissible use, or impermissible disclosure of Confidential Information and provide a report in writing to the Department Program Manager. The report must contain, at a minimum:
 - a. A complete list of any persons affected (whose Confidential Information was supplied to Contractor by the Department) and their contact information;
 - b. Copies of correspondence or notifications provided to the public, media, OCR, other governmental entity, or persons potentially affected;
 - c. Whether Contractor's Privacy Officer has determined there has been a reportable breach under HIPAA, or an unauthorized acquisition under Wis. Stat. §134.98 and the reasoning for such determination;
 - d. If Contractor determines there has been a breach, impermissible use, or impermissible disclosure, an explanation of the root cause of the breach, impermissible use, or impermissible disclosure;
 - e. A list of the corrective actions taken to mitigate the suspected breach, impermissible use, or impermissible disclosure; and
 - f. A list of the corrective actions taken to prevent a similar future breach, impermissible use, or impermissible disclosure.
- (m) **CLASSIFICATION LABELS:** Contractor shall ensure that all data classification labels contained on or included in any item of Confidential Information shall be reproduced by Contractor on any reproduction, modification, or translation of such Confidential Information. Contractor shall make a reasonable effort to add a proprietary notice or indication of confidentiality to any tangible materials within its possession that contain Confidential Information of the Department, as directed by the Department.
- (n) **SUBCONTRACTORS:** If applicable, in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit Confidential Information on behalf of Contractor agree to the same restrictions, conditions, and requirements that apply to Contractor with respect to such information.
- (o) **NOTICE OF LEGAL PROCEEDINGS:** If Contractor or any of its employees, agents, or subcontractors is legally required in any administrative, regulatory or judicial proceeding to disclose any Confidential Information, contractor

shall give the Department prompt notice (unless it has a legal obligation to the contrary) so that the Department may seek a protective order or other appropriate remedy. In the event that such protective order is not obtained, Contractor shall furnish only that portion of the information that is legally required and shall disclose the Confidential Information in a manner reasonably designed to preserve its confidential nature.

- (p) **MITIGATION:** The Contractor shall take immediate steps to mitigate any harmful effects of the suspected or actual unauthorized use, disclosure, or loss of any Confidential Information provided to Contractor under the Contract. The Contractor shall reasonably cooperate with the Department's efforts to comply with the breach notification requirements of HIPAA, to seek appropriate injunctive relief or otherwise prevent or curtail such suspected or actual unauthorized use, disclosure or loss, or to recover its Confidential Information, including complying with a reasonable corrective action plan, as directed by the Department.
- (q) **COMPLIANCE REVIEWS:** The Department may conduct a compliance review of the Contractor's security procedures before and during the Contract term to protect Confidential Information.
- (r) **AMENDMENT:** The Parties agree to take such action as is necessary to amend the Contract as necessary for compliance with the HIPAA Rules and other applicable law.
- (s) **SURVIVAL:** The obligations of Contractor under this Section survive the termination of the underlying Contract.
- (t) **RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION:** Upon termination of the Contract for any reason, Contractor, with respect to Confidential Information received from the Department, another contractor of the Department, or created, maintained, or received by Contractor on behalf of the Department, shall:
 - 1. Retain only that Confidential Information which is necessary for Contractor to continue its proper management and administration or to carry out its legal responsibilities;
 - 2. Return to the Department or, if agreed to by the Department, destroy the remaining Confidential Information that Contractor still maintains in any form;
 - 3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Subsection, for as long as Contractor retains the Protected Health Information;
 - 4. Not use or disclose the Confidential Information retained by Contractor other than for the purposes for which such Confidential Information was retained and subject to the same conditions set out above under Subsection 22(d) which applied prior to termination;
 - 5. Return to the Department or, if agreed to by the Department, destroy the Protected Health Information retained by Contractor when it is no longer needed by Contractor for its proper management and administration or to carry out its legal responsibilities; and
 - 6. If required by the Department, transmit the Confidential Information to another contractor of the Department.

23.0 INDEMNIFICATION:

23.1 SCOPE OF INDEMNIFICATION FOR INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT: In the event of a claim against the Parties for Intellectual Property Rights Infringement associated with a claim for benefits, Contractor agrees to defend, indemnify and hold harmless Board and Department ("Indemnified Parties") from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office) reasonable attorneys' fees otherwise incurred by Board, Department and/or the Wisconsin Attorney General's Office, court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section.

23.2 SCOPE OF OTHER INDEMNIFICATION: In addition to the foregoing Section, Contractor shall defend, indemnify and hold harmless the Indemnified Parties from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for the Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office), court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section, or liability arising from or in connection with the following: (a) Contractor's performance of or failure to perform any duties or obligations under any agreement between Contractor and any third party; (b) injury to persons (including death or illness) or damage to property caused by the act or omission of Contractor or Contractor personnel; (c) any claims or losses for Services rendered by any subcontractor, person, or firm performing or supplying Services, materials, or supplies in connection with the Contractor's performance of the Contract; (d) any claims or losses resulting to any person or third party entity injured or damaged by the Contractor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (e) any

failure of the Contractor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

23.3 INDEMNIFICATION NOTICE: The Department shall give the Contractor prompt written notice of such claim, suit, demand, or action (provided that a failure to give such prompt notice will not relieve the Contractor of its indemnification obligations hereunder except to the extent Contractor can demonstrate actual, material prejudice to its ability to mount a defense as a result of such failure). The Department will cooperate, assist, and consult with the Contractor in the defense or investigation of any claim made or suit filed against Department resulting from Contractor's performance under the Contract.

23.4 NO INDEMNIFICATION OBLIGATIONS: Contractor shall, as soon as practicable, notify the Department of any claim made or suit filed against Contractor resulting from Contractor's obligations under the Contract if such claim may involve the Department. The Department has no obligation to provide legal counsel or defense to Contractor if a suit, claim, or action is brought against Contractor or its subcontractors as a result of Contractor's performance of its obligations under the Contract. In addition, Department has no obligation for the payment of any judgments or the settlement of any claims against Contractor arising from or related to the Contract. Department has not waived any right or entitlement to claim sovereign immunity under the Contract.

23.5 CONTRACTOR'S DUTY TO INDEMNIFY: The Contractor shall comply with its obligations to indemnify, defend and hold the Indemnified Parties harmless with regard to claims, damages, losses and/or expenses arising from a claim. The Contractor shall be entitled to control the defense of any such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing; however, the Contractor shall consult with the Department regarding its defense of any claim and not settle or compromise any claim or action in a manner that imposes restrictions or obligations on Department, requires any financial payment by the Department, or grants rights or concessions to a third party without first obtaining the Department's prior written consent. Contractor shall have the right to assert any and all defenses on behalf of the Indemnified Parties, including sovereign immunity.

In carrying out any provision of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters the Department acts as an agent of the State.

The Contractor shall at all times comply with and observe all federal and State laws and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct.

24.0 EQUITABLE RELIEF: The Contractor acknowledges and agrees that the unauthorized use, disclosure, or loss of Confidential Information may cause immediate and irreparable injury to the individuals whose information is disclosed and to the State, which injury shall not be compensable by money damages and for which there is not an adequate remedy available at law. Accordingly, the Department and the Contractor specifically agree that the Department, on its own behalf or on behalf of the affected individuals, shall be entitled to obtain injunctive or other equitable relief to prevent or curtail any such breach, threatened or actual, without posting security and without prejudice to such other rights as may be available under the Contract or under applicable law.

25.0 RIGHT TO PUBLISH OR DISCLOSE: Throughout the term of the Contract, the Contractor must secure the Department's written approval prior to the release of any information which pertains to work or activities covered by the Contract.

The Department and the Contractor agree that it is a breach of the Contract to disclose any information to any person that the Department or its governing boards may not disclose under Wis. Stat. § 40.07. Contractor acknowledges that it will be liable for damage or injury to persons whose Confidential Information is disclosed by any officer, employee, agent, or subcontractor of the Contractor without proper authorization.

26.0 TIME IS OF THE ESSENCE: Timely provision of the Services required under the Contract shall be of the essence of the Contract, including the provision of the Services within the time agreed or on a date specified in the Contract.

27.0 IDENTIFICATION OF KEY PERSONNEL AND PERSONNEL CHANGES: The Department will designate a contract administrator, who shall have oversight for performance of the Department's obligations under the Contract. The Department shall not change the person designated without prior written notification to the Contractor.

The State of Wisconsin reserves the right to approve all individuals assigned to the project described in the Contract. The Contractor agrees to use its best efforts to minimize personnel changes during the Contract term.

At the time of contract negotiations, the Contractor shall furnish the Department with names of all key personnel assigned to perform work under the Contract and furnish the Department with criminal background checks.

The Contractor will designate a contract administrator who shall have executive and administrative oversight for performance of the Contractor's obligations under the Contract. The Contractor shall not change this designation without prior written notice to the Department.

The Contractor may not divert key personnel for any period of time except in accordance with the procedure identified in this Section. The Contractor shall provide a notice of proposed diversion or replacement to the Department Program Manager and Contract Manager at least sixty (60) calendar days in advance, together with the name and qualifications of the person(s) who will take the place of the diverted or replaced staff. At least thirty (30) calendar days before the proposed diversion or replacement, the Department shall notify the Contractor whether the proposed diversion or replacement is approved or rejected, and if rejected shall provide reasons for the rejection. Such approval by the Department shall not be unreasonably withheld or delayed.

Replacement staff shall be on-site within two (2) weeks of the departure date of the person being replaced. The Contractor shall provide the Department with reasonable access to any staff diverted by the Contractor.

Replacement of key personnel shall be with persons of equal ability and qualifications. The Department has the right to conduct separate interviews of proposed replacements for key personnel. The Department shall have the right to approve, in writing, the replacement of key personnel. Such approval shall not be unreasonably withheld. Failure of the Contractor to promptly replace key personnel within thirty (30) calendar days after departure shall entitle the Department to terminate the Contract. The Contractor's notice and justification of a change in key personnel must include identification of proposed substitute key personnel and must provide sufficient detail to permit the Department to evaluate the impact of the change on the project and/or maintenance.

Any of the Contractor's staff that the Department deems unacceptable shall be promptly and without delay removed from the project by the Contractor and replaced by the Contractor within thirty (30) calendar days by another employee with acceptable experience and skills subject to the prior approval of the Department. Such approval by the Department will not be unreasonably withheld or delayed.

An unauthorized change by the Contractor of any contracted personnel designated as key personnel will result in the imposition of liquidated damages, as defined in the Contract.

28.0 DATA SECURITY AND PRIVACY AGREEMENT

(a) **PURPOSE AND SCOPE OF APPLICATION:** This Data Security and Privacy Agreement (Agreement) is designed to protect the Department of Employee Trust Funds' (Department) Confidential Information and Department Information Resources (defined below). This Agreement describes the data security and privacy obligations of Contractor and its sub-contractors that connect to Department Information Resources and/or gain access to Confidential Information.

(b) **DEFINED TERMS:**

(1) **Confidential Information** means all tangible and intangible information and materials being disclosed in connection with the Contract, in any form or medium without regard to whether the information is owned by the State of Wisconsin or by a third party, which satisfies at least one of the following criteria: (i) Individual Personal Information; (ii) Protected Health Information under HIPAA, 45 CFR 160.103; (iii) proprietary information; (iv) non-public information related to the State of Wisconsin's employees, customers, technology (including data bases, data processing and communications networking systems), schematics, specifications, and all information or materials derived therefrom or based thereon; (v) information expressly designated as confidential in writing by the State of Wisconsin; (vi) all information that is restricted or prohibited from disclosure by State or federal law, including Individual Personal Information and Medical Records as governed by Wis. Stat. § 40.07, Wis. Admin. Code ETF 10.70(1) and 10.01(3m); or (vii) any material submitted by the Contractor in response to a Department RFB/RFP that the Contractor designates confidential and proprietary information and which qualifies as a trade secret, as provided in Wis. Stat. § 19.36 (5) or material which can be kept confidential under the Wisconsin public records law.

(2) **Department Information Resources** means those devices, networks and related infrastructure that the Department has obtained for use to conduct Department business. Devices include but are not limited to, Department-owned, managed, used through service agreements storage, processing, communications devices and related infrastructure on which Department data is accessed, processed, stored, or communicated, and may include personally owned devices. Data includes, but is not limited to, Confidential Information, other Department created or managed business and research data, metadata, and credentials created by or issued on behalf of the Department.

- (c) **ACCESS TO DEPARTMENT INFORMATION RESOURCES:** In any circumstance when Contractor is provided access to Department Information Resources, it is solely Contractor's responsibility to ensure that its access does not result in any access by unauthorized individuals to Department Information Resources. Contractors who access the Department's systems from any Department location must at a minimum conform with Department security standards that are in effect at the Department location(s) where the access is provided. Any Contractor technology and/or systems that gain access to Department Information Resources must comply with, at a minimum, the elements in the Computer System Security Requirements set forth in this Agreement.
- (d) **COMPLIANCE WITH APPLICABLE LAWS:** Contractor agrees to comply with all applicable state and federal laws, as well as industry best practices, governing the collection, access, use, disclosure, safeguarding and destruction of Confidential Information.
- (e) **PROHIBITION ON UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION:** Contractor agrees to hold the Department's Confidential Information, and any information derived from such information, in strictest confidence. Contractor will not access, use or disclose Confidential Information other than to carry out the purposes for which the Department disclosed the Confidential Information to Contractor, except as permitted or required by applicable law, or as otherwise authorized in writing by the Department. For avoidance of doubt, this provision prohibits Contractor from using for its own benefit Confidential Information or any information derived from such information. If required by a court of competent jurisdiction or an administrative body to disclose Confidential Information, Contractor will notify the Department in writing immediately upon receiving notice of such requirement and prior to any such disclosure, to give the Department an opportunity to oppose or otherwise respond to such disclosure (unless prohibited by law from doing so).
- (f) **REQUIREMENT TO KEEP CONFIDENTIAL INFORMATION WITHIN THE UNITED STATES:** The Contractor's transmission, transportation or storage of Confidential Information outside the United States, or access of Confidential Information from outside the United States, is prohibited except on prior written authorization by the Department.
- (g) **SAFEGUARD STANDARD:** Contractor agrees to protect the privacy and security of Confidential Information according to all applicable laws and regulations, including HIPAA, by commercially-acceptable frameworks or standards such as the ISO/IEC 27000-series, NIST, 800-53, RFC 2196, IEC 62443, and SANS CIS Top 20. ISO 27001, etc. Security Controls, and no less rigorously than it protects its own confidential information, but in no case less than reasonable care. Contractor will implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of the Confidential Information. All Confidential Information stored on portable devices or media must be encrypted in accordance with the Federal Information Processing Standards (FIPS) Publication 140-2. Contractor will ensure that all security measures are regularly reviewed including ongoing monitoring, an annual penetration and vulnerability test, and an annual security incident response test, and revised, no less than annually, to address evolving threats and vulnerabilities while Contractor has responsibility for the Confidential Information under the terms of this Agreement. Prior to agreeing to the terms of this Agreement, and periodically thereafter (no more frequently than annually) at the Department's request, Contractor will provide assurance, in the form of a third-party audit report or other documentation acceptable to the Department, such as SOC2 Type II, demonstrating that appropriate information security safeguards and controls are in place.
- (h) **INFORMATION SECURITY PLAN:**
- (1) Contractor acknowledges that the Department is required to comply with information security standards for the protection of Confidential Information as required by law, regulation and regulatory guidance, as well as the Department's internal security program for information and systems protection.
 - (2) Contractor will establish, maintain and comply with an information security plan (Information Security Plan), which will contain, at a minimum, such elements as those set forth in this Agreement.
 - (3) Contractor's Information Security Plan will be designed to:
 - a. Ensure the privacy, security, integrity, availability, and confidentiality of Confidential Information;
 - b. Protect against any anticipated threats or hazards to the security or integrity of Confidential Information;
 - c. Protect against unauthorized access to or use of Confidential Information that could result in harm or inconvenience to the person that is the subject of such information;
 - d. Reduce risks associated with Contractor having access to Department Information Resources; and
 - e. Comply with all applicable legal and regulatory requirements for data protection.
 - (4) On at least an annual basis, Contractor will review its Information Security Plan, update and revise it as needed, and submit it to the Department upon request. At the Department's request, Contractor will make modifications to its Information Security Plan or to the procedures and practices thereunder to conform to the Department's security requirements as they exist from time to time. If there are any significant

modifications to Contractor's Information Security Plan, Contractor will notify the Department within a reasonable period of time, not to exceed two weeks. Any significant modification must include the same or a higher framework or information security standard maturity level than what currently exists in Contractor's Security Plan.

(i) RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION:

Upon termination of the Contract for any reason, Contractor, with respect to Confidential Information received from the Department, another contractor of the Department, or created, maintained, or received by Contractor on behalf of the Department, shall:

- (1) Retain only that Confidential Information which is necessary for Contractor to continue its proper management and administration or to carry out its legal responsibilities;
- (2) Where feasible, return to the Department, or, if agreed to by the Department, destroy the remaining Confidential Information that Contractor still maintains in any form;
- (3) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Subsection, for as long as Contractor retains the Protected Health Information;
- (4) Not use or disclose the Confidential Information retained by Contractor other than for the purposes for which such Confidential Information was retained and subject to the same conditions set out above under Subsection (d) which applied prior to termination;
- (5) Return to the Department or, if agreed to by the Department, destroy the Protected Health Information retained by Contractor when it is no longer needed by Contractor for its proper management and administration or to carry out its legal responsibilities; and
- (6) If required by the Department, transmit the Confidential Information to another contractor of the Department.

- (j) NOTIFICATION OF CORRESPONDENCE CONCERNING CONFIDENTIAL INFORMATION:** Contractor agrees to notify the Department immediately, both orally and in writing, but in no event more than twenty-four (24) hours after Contractor receives correspondence or a complaint regarding Confidential Information, including but not limited to, correspondence or a complaint that originates from a regulatory agency or an individual.

(k) BREACHES OF CONFIDENTIAL INFORMATION:

CONTRACTOR REPORTING OF BREACH OR SUSPECTED BREACH OR DISCLOSURE TO THE DEPARTMENT:

- (1) Within twenty-four (24) hours after Contractor becomes aware of a suspected breach, impermissible use, or impermissible disclosure of the Department's Confidential Information, Contractor agrees to notify in writing the Department Program Manager and Privacy Officer. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to Contractor, or, by exercising reasonable diligence, would have been known to Contractor. The notification must contain details sufficient for the Department Program Manager and Privacy Officer to determine the Department's agency response. Sufficient details include, without limitation:
 - a. The nature of the unauthorized access, use or disclosure;
 - b. A list of any affected persons (if available), whose Confidential Information was supplied to Contractor by the Department;
 - c. Information about the information included in the breach, impermissible use, or impermissible disclosure;
 - d. The date or dates of the suspected breach, impermissible use, or impermissible disclosure;
 - e. The date of the discovery by Contractor;
 - f. A list of the pro-active steps taken by Contractor and being taken to correct the breach, impermissible use or impermissible disclosure; and
 - g. Contact information at Contractor for affected persons who contact the Department regarding the issue.
- (2) Not less than twenty-four (24) hours before Contractor makes any external communications to the public, media, federal Office for Civil Rights (OCR), other governmental entity, or persons potentially affected by the breach, impermissible use, or impermissible disclosure, Contractor agrees to provide a copy of the planned communication to the Department Program Manager and Privacy Officer.
- (3) Within thirty (30) days after Contractor makes the initial report under this section, Contractor shall research the suspected breach, impermissible use, or impermissible disclosure of Confidential Information and provide a report in writing to the Department Program Manager. The report must contain, at a minimum:

- a. A complete list of any affected persons (whose Confidential Information was supplied to Contractor by the Department) and their contact information;
- b. Copies of correspondence or notifications provided to the public, media, OCR, other governmental entity, or persons potentially affected;
- c. Whether Contractor's Privacy Officer has determined there has been a reportable breach under HIPAA, or an unauthorized acquisition under Wis. Stat. §134.98 and the reasoning for such determination;
- d. If Contractor determines there has been a breach, impermissible use, or impermissible disclosure, an explanation of the root cause of the breach, impermissible use, or impermissible disclosure;
- e. A list of the corrective actions taken to mitigate the suspected breach, impermissible use, or impermissible disclosure; and
- f. A list of the corrective actions taken to prevent a similar future breach, impermissible use, or impermissible disclosure.

COORDINATION OF BREACH RESPONSE ACTIVITIES:

- (4) Contractor will fully cooperate with the Department's investigation of any breach of Confidential Information involving Contractor, including but not limited to making witnesses, documents, HIPAA logs, systems logs, video recordings, or other pertinent or useful information available immediately upon Contractor's reporting of the breach and throughout the investigation. Contractor's full cooperation will include but not be limited to Contractor:
 - a. Immediately preserving any potential forensic evidence relating to the breach, and remedying the breach as quickly as circumstances permit
 - b. Within forty-eight (48) hours designating a contact person to whom the Department will direct inquiries, and who will communicate Contractor responses to Department inquiries; Contractor will designate a Privacy Officer and Security Officer to serve as contacts for the Department.
 - c. As rapidly as circumstances permit, applying appropriate resources to remedy the breach condition, investigate, document, restore the Department service(s) as directed by the Department, and undertake appropriate response activities such as working with the Department, its representative, and law enforcement to identify the breach, identify the perpetrator(s), and take appropriate actions to remediate the security vulnerability;
 - d. Providing status reports to the Department at least every two (2) hours until the root cause of the breach is identified and a plan is devised to fully remediate the breach;
 - e. Once the root cause of the breach is identified and a plan is devised to fully remediate the breach, providing status reports to the Department daily or at mutually agreed upon timeframes, to the Department on breach response activities, findings, analyses, and conclusions;
 - f. Coordinating all media, law enforcement, or other breach notifications with the Department in advance of such notification(s), unless expressly prohibited by law; and
 - g. Ensuring that knowledgeable Contractor staff is available on short notice, if needed, to participate in Department-initiated meetings and/or conference calls regarding the breach.

ASSISTANCE IN LITIGATION OR ADMINISTRATIVE PROCEEDINGS:

- (5) Contractor will make itself and any employees, subcontractors, or agents assisting Contractor in the performance of its obligations available to the Department at no cost to the Department to testify as witnesses, or otherwise, in the event of a breach or other unauthorized disclosure of Confidential Information caused by Contractor that results in litigation, governmental investigations, or administrative proceedings against the Department, its directors, officers, agents or employees based upon a claimed violation of laws relating to security and privacy or arising out of this Agreement or the Contract.

(I) RETENTION OF LOGS:

- a. Contractor shall keep all HIPAA logs (logs of any systems that have information relating to HIPAA) for six (6) years.
- b. Contractor shall keep all firewall logs for twelve (12) months.

- (m) **ADDITIONAL INSURANCE:** In addition to the insurance required under the Contract, Contractor, at its sole cost and expense, will obtain, keep in force, and maintain an insurance policy (or policies) that provides coverage for privacy and data security breaches. This specific type of insurance is typically referred to as Privacy, Technology and Data Security Liability, Cyber Liability, or Technology Professional Liability. In some cases, Professional Liability policies may include some coverage for privacy and/or data breaches. Regardless of the type of policy in place, it needs to include coverage for reasonable costs in investigating and responding to privacy and/or data breaches with the following minimum limits unless the Department specifies otherwise: \$1,000,000 Each Occurrence and \$5,000,000 Aggregate.

(n) INFORMATION SECURITY PLAN REQUIREMENTS:

- (1) Contractor will develop, implement, and maintain a comprehensive Information Security Plan that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards. The safeguards contained in the Information Security Plan must be consistent with the safeguards for protection of Confidential Information and information of a similar character set forth in any state or federal regulations by which the person who owns or licenses such information may be regulated.
 - (2) Without limiting the generality of the foregoing, every comprehensive Information Security Plan will include, but not be limited to:
 - a. Designating one or more employees to maintain the comprehensive Information Security Plan;
 - b. Identifying and assessing internal and external risks to the security, confidentiality, and/or integrity of any electronic, paper or other records containing Confidential Information and of Department Information Resources, and evaluating and improving, where necessary, the effectiveness of the current safeguards for limiting such risks, including but not limited to:
 - Ongoing employee (including temporary and contract employee) training;
 - Employee compliance with policies and procedures; and
 - Means, including Contractor staff, processes, and technology, for detecting information system intrusions, data breaches, and anomalous system behavior or activity, and for preventing security breaches, intrusions, or unauthorized access to information systems or networks.
 - c. Developing security policies for employees relating to the storage, access and transportation of records containing Confidential Information outside of business premises.
 - d. Imposing disciplinary measures for violations of the comprehensive Information Security Plan rules.
 - e. Preventing terminated employees from accessing records containing Confidential Information and/or Department Information Resources.
 - f. Overseeing service providers, by:
 - Taking reasonable steps to select and retain third-party service providers that are capable of maintaining appropriate security measures to protect such Confidential Information and Department Information Resources consistent with all applicable laws and regulations; and
 - Requiring such third-party service providers by contract to implement and maintain such appropriate security measures for Confidential Information.
 - g. Placing reasonable restrictions upon physical access to records containing Confidential Information and Department Information Resources and requiring storage of such records and data in locked facilities, storage areas or containers.
 - h. Restrict physical access to any network or data centers that may have access to Confidential Information or Department Information Resources.
 - i. Requiring regular monitoring to ensure that the comprehensive Information Security Plan is operating in a manner reasonably calculated to prevent unauthorized access to or unauthorized use of Confidential Information and Department Information Resources; and upgrading information safeguards as necessary to limit risks.
 - j. Reviewing the scope of the security measures at least annually or whenever there is a material change in business practices that may reasonably implicate the security or integrity of records containing Confidential Information and of Department Information Resources.
 - k. Documenting responsive actions taken in connection with any incident involving a breach, and mandating post-incident review of events and actions taken, if any, to make changes in business practices relating to protection of Confidential Information and Department Information Resources.
- (o) **COMPUTER SYSTEM SECURITY REQUIREMENTS:** To the extent that Contractor electronically stores or transmits Confidential Information or has access to any Department Information Resources, it will include in its written, comprehensive Information Security Plan the establishment and maintenance of a security system covering its computers, including any wireless system, that, at a minimum, and to the extent technically feasible, will have the following elements:
- (1) Secure user authentication protocols including:
 - a. Control of user IDs and other identifiers;
 - b. A secure method of assigning and selecting passwords, or use of unique identifier technologies, such as biometrics or token devices;
 - c. Multi-Factor Authentication (MFA);
 - d. Control of data security passwords to ensure that such passwords are kept in a location and/or format that does not compromise the security of the data they protect;
 - e. MFA for system administrators and others with 'super-user' access rights;
 - f. Restricting access to active users and active user accounts only;
 - g. Blocking access to user identification after multiple unsuccessful attempts to gain access or the limitation placed on access for the particular system; and
 - h. Periodic review of user access, access rights and audit of user accounts.
 - (2) Secure access control measures that:

- a. Restrict access to records and files containing Confidential Information and systems that may have access to Department Information Resources to those who need such information to perform their job duties; and
 - b. Assign unique identifications plus passwords, which are not vendor supplied default passwords, to each person with computer access, which are reasonably designed to maintain the integrity of the security of the access controls.
- (3) Encryption of all transmitted records and files containing Confidential Information.
 - (4) Adequate security of all networks that connect to Department Information Resources or access Confidential Information, including wireless networks.
 - (5) Reasonable monitoring of systems, for unauthorized use of or access to Confidential Information and Department Information Resources.
 - (6) Encryption of all Confidential Information stored on Contractor devices, including laptops or other portable storage devices.
 - (7) For files containing Confidential Information on a system that is connected to the Internet or that may have access to Department Information Resources, reasonably up-to-date firewall, router and switch protection and operating system security patches, reasonably designed to maintain the integrity of the Confidential Information.
 - (8) Reasonably up-to-date versions of system security agent software, including intrusion detection systems, which must include malware protection and reasonably up-to-date patches and virus definitions, or a version of such software that can still be supported with up-to-date patches and virus definitions, and is set to receive the most current security updates on a regular basis.
 - (9) Education and training of employees on the proper use of the computer security system and the importance of Confidential Information and network security.

With reasonable notice to Contractor, the Department may require additional security measures which may be identified in additional guidance, contracts, communications or requirements.

- 29.0 DISCLOSURE:** If a State public official (s. 19.42, Wis. Stats.), a member of a State public official's immediate family, or any organization in which a State public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to the Contract, and if the Contract involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, the Contract is voidable by the Department unless appropriate disclosure is made according to s. 19.45(6), Wis. Stats., before the Contract is signed. Disclosure must be made to the Department or the State of Wisconsin Ethics Board, 44 East Mifflin Street, Suite 601, Madison, Wisconsin 53703 (Telephone 608-266-8123).
- 30.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:**
- 30.1** Contractor certifies that no relationship exists between Contractor and the Department that interferes with fair competition or is a conflict of interest, and no relationship exists between the Contractor and another person or organization that constitutes a conflict of interest with respect to a State contract. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.
 - 30.2** Contractor agrees that during performance of the Contract, the Contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the Department or has interests that are adverse to the Department. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.
- 31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES:** Reference to or use of the Department, the State, any of its departments, agencies or other subunits, or any State official or employee for commercial promotion is prohibited. News releases pertaining to the Contract, shall not be made without prior approval of the Department. Release of broadcast e-mails pertaining to the Contract shall not be made without prior written authorization of the Department.
- 32.0 EMPLOYMENT:** The Contractor will not engage the services of any person or persons now employed by the State, including any department, commission or board thereof, to provide services relating to the Contract without the written consent of the employing agency of such person or persons and of the Department.
- 33.0 INDEPENDENT CAPACITY OF CONTRACTOR:** The Department and the Contractor agree that the Contractor, its officers, agents, and employees, in the performance of the Contract shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the State. The Contractor agrees to take such steps as may be

necessary to ensure that each subcontractor of the Contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the State.

- 34.0 TAXES:** The State and its agencies are exempt from payment of all federal tax and State and local taxes on its purchases except Wisconsin excise taxes as described below.

The State is exempt from payment of Wisconsin sales or use tax on its purchases. The State may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay State use tax on the cost of materials.

- 35.0 VENDOR TAX DELINQUENCY:** The State may offset Contractor's payments if Contractor has a delinquent State tax liability.

- 36.0 FOREIGN CORPORATION:** If Contractor is a foreign corporation (any corporation other than a Wisconsin corporation), Contractor is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporations, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 261-7577.

- 37.0 RECORDKEEPING AND RECORD RETENTION:** The Contractor shall establish and maintain adequate records of all expenditures incurred under the Contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, State and local ordinances.

The Department shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to the Contract held by the Contractor.

It is the intention of the State to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities. Bid/proposal openings are public unless otherwise specified. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of a contract. Pursuant to §19.36 (3), Wis. Stats., all records of the Contractor that are produced or collected under the Contract are subject to disclosure pursuant to a public records request. Upon receipt of notice from the State of a public records request for records produced or collected under the Contract, the Contractor shall provide the requested records to the Department. The Contractor, following final payment, shall retain all records produced or collected under the Contract for six (6) years.

- 38.0 ANTITRUST ASSIGNMENT:** The Contractor and the State recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State (purchaser). Therefore, the Contractor hereby assigns to the State any and all claims for such overcharges as to goods, materials or services purchased in connection with the Contract.

- 39.0 ASSIGNMENT:** No right or duty in whole or in part of the Contractor under the Contract may be assigned or delegated without the prior written consent of the Department.

- 40.0 PATENT INFRINGEMENT:** If goods, products, or articles are provided under the Contract, the Contractor guarantees such items were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of such items described in the Contract will not infringe any United States patent. The Contractor covenants that it will at its own expense defend every suit which shall be brought against the State (provided that the Contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such items, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

- 41.0 SAFETY REQUIREMENTS:** All materials, equipment, and supplies provided to the Department must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code and all applicable OSHA Standards.

- 42.0 FORCE MAJEURE:** Neither the Contractor nor the Department shall be in default by reason of any failure in performance of the Contract in accordance with reasonable control and without fault or negligence on their part. Such causes may include, but are not restricted to, acts of nature or the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, but in every case the failure to perform such must be beyond the reasonable control and without the fault or negligence of the non-performing party.

Appendix 3

ANNUAL IT'S YOUR CHOICE ACTIVITY OVERVIEW

The following overview of annual It's Your Choice (IYC) activity for the State of Wisconsin Group Health Insurance Program (GHIP) is for reference only. The Group Insurance Board will determine the open enrollment period on an annual basis. The open enrollment period and related activities are subject to change.

MONTH	ACTIVITY OVERVIEW
January	<ul style="list-style-type: none"> ■ Plan year begins (January 1) ■ Run-out period begins ■ Debit card issuance confirmation due
February	<ul style="list-style-type: none"> ■ Group Insurance Board meeting <ul style="list-style-type: none"> ○ Open enrollment period set
March	<ul style="list-style-type: none"> ■ Run-out period ends
April	<ul style="list-style-type: none"> ■ Key contact list update
May	<ul style="list-style-type: none"> ■ Group Insurance Board meeting <ul style="list-style-type: none"> ○ Preliminary benefit, contract, and plan changes presented
June	<ul style="list-style-type: none"> ■ Merchant directory listing due
July	<ul style="list-style-type: none"> ■ IYC informational/enrollment material review ■ IYC system set-up ■ IYC payroll center file specification and system set-up
August	<ul style="list-style-type: none"> ■ Group Insurance Board meeting <ul style="list-style-type: none"> ○ Benefit and contract changes approved ■ Key contact list update
September	<ul style="list-style-type: none"> ■ IYC Employer Kick-Off meeting ■ IYC website launched ■ Payroll center open enrollment meetings
October	<ul style="list-style-type: none"> ■ IYC Open Enrollment period
November	<ul style="list-style-type: none"> ■ Group Insurance Board meeting <ul style="list-style-type: none"> ○ Plan changes approved ■ IYC enrollment verification ■ Plan year end substantiation initiative
December	<ul style="list-style-type: none"> ■ Debit cards issued ■ Plan year ends (December 31)

Appendix 4

STATE EMPLOYER ORGANIZATIONAL RELATIONSHIP OVERVIEW

The following overview of State employers and agencies participating in the State of Wisconsin Group Health Insurance Program (GHIP) is for reference only. The location and structure of payroll and benefit staff specialists is subject to change.

1.1 STATE PAYROLL CENTER OVERVIEW

Table 1. State Payroll Center Operational Overview

<i>Payroll Center</i>	<i>Pay Period Type(s)</i>	<i>Payroll System</i>	<i>Enrollment Method</i>	<i>Payroll & Benefits Staff</i>	<i>Sub-Employers & Agencies</i>
Central	Bi-weekly (24)	Oracle PeopleSoft 9.2.23 with People Tools 8.54.32	STAR	126	20
Courts	Bi-weekly (24)	Oracle PeopleSoft 9.2.23 with People Tools 8.54.32	STAR	3	<i>n/a</i>
Legislature	Monthly (12)	Oracle PeopleSoft 9.2.23 with People Tools 8.54.32	STAR	11	<i>n/a</i>
Fox Valley Navigation Systems	(Not provided)	<i>(Not provided)</i>	Enrollment file	1	<i>n/a</i>
UW System	Bi-weekly (24) Monthly (12) 9-Month (9)	Oracle PeopleSoft HRS 9.2	Enrollment file	37	16
UW Hospitals & Clinics	Bi-weekly (24)	Oracle PeopleSoft HRS 9.1	Enrollment file	17	<i>n/a</i>

				(Benefit: 12; Payroll: 5)	
Wisconsin Economic Development Corporation (WEDC)	Bi-weekly (24)	<i>(Not provided)</i>	Enrollment file	2	<i>n/a</i>
Wisconsin Housing and Economic Authority (WHEDA)	Bi-weekly (24)	ADP Workforce Now (V16)	Enrollment file	3	<i>n/a</i>
Wiscraft – Beyond Vision	Bi-weekly (24)	<i>(Not provided)</i>	Enrollment file	2	<i>n/a</i>

Table 2. State Payroll Center Program Participation

<i>Payroll Center</i>	<i>Health Savings Account (HSA) Program</i>	<i>Employee Reimbursement Account (ERA) Program</i>	<i>Commuter Fringe Benefit Program</i>
Central	✓	✓	✓
Courts	✓	✓	✓
Legislature	✓	✓	✓
Fox Valley Navigation Systems	✓	✓	✓
UW System	✓	✓	✗
UW Hospitals & Clinics	✓	✓	✓
Wisconsin Economic Development Corporation (WEDC)	✓	✓	✓
Wisconsin Housing and Economic Authority (WHEDA)	✓	✓	✓
Wiscraft – Beyond Vision	✓	✓	✓

1.2 STAR AGENCIES – CENTRAL, LEGISLATURE AND COURTS

The majority of State agencies are administered by the Department of Administration through one (1) central payroll processing system, the State Transforming Agency Resources (STAR) system. STAR agencies are divided into three main categories:

- Executive Branch Agencies
- Legislature
- Courts

Legislature and Courts are separate agencies that utilize a shared central payroll processing resource.

Some Executive Branch agencies manage payroll and benefits for their agency only, while others oversee functions for multiple agencies. There are currently several different support structures within the Executive Branch. A regional support structure will be implemented over the coming year.

Table 3. Executive Branch Agency Staffing (STAR)

<i>Agency Name</i>	<i>Payroll & Benefits Staff</i>	<i>Location</i>
Central Payroll & Benefits (Central Processing Unit)	3	Madison, WI
Agriculture	3	Madison, WI
State Fair Park	3	West Allis, WI
Historical Society	3	Madison, WI
Public Instruction	3	Madison, Delavan, and Janesville, WI
WI Technical College System Board	1	Madison, WI
Natural Resources (DNR+)	9	Madison, WI
Transportation (DOT+)	14	Central office in Madison, WI – 8 staff throughout the state
Corrections	35	Central office in Madison, WI – 8 staff throughout the state
Health Services	24	Central office in Madison, WI – 8 staff throughout the state
Children and Families	3	Madison, WI
Workforce Development (DWD+)	3	Madison, WI

Justice	1	Madison, WI
Military Affairs	2	Madison, WI
Veterans Affairs	4	Madison, King, and Union Grove, WI
Administration (DOA+)	4	Madison, WI
Employee Trust Funds	3	Madison, WI
Investment Board	3	Madison, WI
Public Defender	2	Madison, WI
Revenue	3	Madison, WI

+ Manage benefits for multiple agencies

Table 4. Legislative Staffing (STAR)

<i>Agency Name</i>	<i>Payroll & Benefits Staff</i>	<i>Location</i>
Legislature	11	Madison, WI
Assembly	(3)	
Legislative Council	(2)	
Legislative Fiscal Bureau	(1)	
Legislative Reference Bureau	(1)	
Legislative Technical Services Bureau	(2)	
Senate	(2)	

1.3 UNIVERSITY OF WISCONSIN

Table 5. University of Wisconsin (UW) System Staffing

<i>University Name</i>	<i>Payroll & Benefits Staff</i>	<i>Location</i>
UW Service Center (UWSC - Central Processing Unit)	6	Madison, WI
UW System Administration	1	Madison, WI
UW Colleges & Extension	2	Madison, WI
UW Eau Claire	3	Eau Claire, WI
UW Green Bay	1	Green Bay, WI
UW La Crosse	2	La Crosse, WI
UW Madison	5	Madison, WI
UW Milwaukee	3	Milwaukee, WI
UW Oshkosh	2	Oshkosh, WI
UW Parkside	1	Somers, WI
UW Platteville	1	Platteville, WI
UW River Falls	1	River Falls, WI
UW Stevens Point	2	Stevens Point, WI
UW Stout	2	Menomonie, WI
UW Superior	2	Superior, WI
UW Whitewater	3	Whitewater, WI

Appendix 5
State Employer Group Roster (ET-1404)

Group Name	Address Line 1	Address Line 2	City	St	Zip	County	Contracts
CENTRAL PAYROLL							28188
FOX RIVER NAVIGATION SYS AUTH	1008 AUGUSTINE ST		KAUKAUNA	WI	54130-1608	OUTAGAMIE	2
HEALTH & EDUC FACILITIES AUTH	18000 W SARAH LN STE 300		BROOKFIELD	WI	53045-5841	WAUKESHA	4
UNIVERSITY OF WISCONSIN	STE 201	660 W WASHINGTON AVE	MADISON	WI	53703-4703	DANE	32237
UW HOSP & CLINICS	STE 200	301 S WESTFIELD RD	MADISON	WI	53717-1729	DANE	8120
WHEDA	STE 700	201 W WASHINGTON AVE	MADISON	WI	53703-2727	DANE	137
WISCONSIN ECON DEVELOP CORP	FLOOR 6	201 W WASHINGTON AVE	MADISON	WI	53703-2760	DANE	87
WISCRAFT INC.	5316 W STATE ST		MILWAUKEE	WI	53208-2620	MILWAUKEE	30

Appendix 6

HEALTH SAVINGS ACCOUNT (HSA) PROGRAM OVERVIEW

Use for:

ETH0052 - Third Party Administration of Health Savings Accounts (HSA)

1 CURRENT STATE AND BACKGROUND

1.1 PROGRAM ADMINISTRATION

The State of Wisconsin (“State”) instituted a High Deductible Health Plan (HDHP) and Health Savings Account (HSA) benefit offering in 2015. The HSA program is a benefit program established for eligible State Employees and Retirees. The HSA program is authorized under Section 125 and 223 of the Internal Revenue Code and Wisconsin Statutes [40.515](#). Under Wisconsin Statute 40.515 for State Employees, the It’s Your Choice (IYC) High Deductible Health Plan (HDHP) requires dual enrollment with the State sponsored HSA benefit option, and vice versa. Due to the dual enrollment requirement under Wisconsin Statute(s) and Internal Revenue Service (IRS) “other health coverage” rule, a State Employee with “other health coverage” is not eligible for the State dual HDHP and HSA benefit option.

The HSA program offers State Employees the ability to elect pre-tax deductions for qualified health care expenses. The HSA program currently offers debit card access to funds, direct pay to providers, and reimbursement of expenses.

The oversight authority for the program rests with the Group Insurance Board (Board). The Program is administered on behalf of the Board by the Department of Employee Trust Funds (Department). The Contractor is responsible for enrollment services, including development, production, and distribution of all enrollment materials, online and paper enrollment processing, program communication to Employees, Retirees, and Employers, as well as claims processing and reimbursement services.

1.2 ADMINISTRATIVE EXPENSES

Active eligible Employees do not pay a fee to participate in the HSA program. Administrative expenses charged to the HSA program for the Department’s costs and the Contractor’s fees are funded from two sources: interest income on the withheld contributions and an annual charge to State agencies. Retirees and Employees that terminate employment but keep their State-sponsored HSA open, pay the monthly HSA service fee, which is currently three dollars (\$3.00) per month.

1.3 EMPLOYER GROUPS

There are fifty-eight (58) different State agencies in the State-sponsored HSA program, which operate under nine (9) different payroll processing centers. The University of Wisconsin System Administration manages payroll functions for the 13 four-year campuses and the 13 two-year campuses with locations throughout the state. In addition, the majority of State agencies are

administered by the Department of Administration through one (1) central payroll processing system, the State Transforming Agency Resources (STAR) system. See Appendix 4 – State Employer Organizational Relationship Overview.

1.4 ELIGIBILITY AND PARTICIPATION

The HSA program is available to most state and University of Wisconsin Employees. The following individuals are eligible to participate in the State-sponsored HSA program, provided they meet all HSA eligibility requirements and are enrolled in an IYC HDHP:

- State Employees, except those who are eligible for the graduate assistant/short term academic staff benefits package and are not in the Wisconsin Retirement System
- Limited Term Employees (LTEs) who are eligible for the State of Wisconsin Group Health Insurance Program
- Retirees younger than age 65

The following are not eligible to participate in the HSA program:

- Short-term academic staff not in the Wisconsin Retirement System
- Graduate assistants
- Retirees older than 65 years of age
- Subscribers not enrolled in an IYC HDHP
- Subscribers with disqualifying other health coverage that pays out-of-pocket health care expenses before meeting the plan deductible, such as a spouse’s non-HDHP health plan, Medicare, or a Health Care Flexible Spending Account

Approximately 97,500 Employees at locations throughout the State are currently eligible to enroll in the HSA program. As of May 2018, there were 5,296 Employees enrolled in the HSA program.

HSA Program Enrollment Experience

	2015	2016	2017	2018
Total HSA Program Participation	790	3,236	4,158	5,296

1.5 ENROLLMENT

An eligible Employee may enroll in the program within thirty (30) days of their date of hire in an eligible position or during an annual open enrollment period held in the fall prior to each Plan Year. An eligible Retiree may enroll in the program during the annual open enrollment period. If an Employee does not enroll within 30 days of their hire date or during the annual open enrollment period, they are not eligible to enroll until the next Plan Year’s open enrollment period, unless they experience a qualified life change event, such as a marriage or divorce, birth or adoption of a child, a change in employment status, or another qualified life change event.

If an eligible Employee or Retiree should experience a qualified life change event, they may have the opportunity to enroll or change their coverage outside of the open enrollment period. Changes due to a qualifying life change event must be made by completing a change of election form within

thirty (30) days of the date of the event and submitting it to their payroll/benefits office (active Employees) or the Department (Retirees) for processing.

Dates for the annual IYC Open Enrollment period are set by the Board each year. The 2018 Plan Year open enrollment period began October 2 and ended October 27, 2017. The open enrollment period for Plan Year 2019 will begin October 1 and end October 26, 2018. The HSA program Plan Year is from January 1 through December 31.

During open enrollment, an Employee or Retiree has three (3) options to enroll through the Contractor: online, paper, and telephone. Individuals employed by the State of Wisconsin, State Courts, and State Legislature and paid through the STAR system, and individuals employed by the University of Wisconsin System and the Wisconsin Economic Development Corporation enroll through their Employer's payroll/benefit system.

If an Employee is eligible and elects to enroll outside of the open enrollment period, the Employee is required to complete an enrollment application and submit the application to their human resource/benefit office for processing. Individuals employed by the State of Wisconsin, State Courts, and State Legislature and paid through the STAR system, individuals employed by the University of Wisconsin System and the Wisconsin Economic Development Corporation enroll through their Employer's payroll/benefit system.

If a Retiree is eligible and elects to enroll outside the open enrollment period, the Retiree is required to complete an enrollment application and submit the application to the Department for processing. The Contractor is responsible for receiving and processing all enrollments. It is the responsibility of the Contractor to appropriately process all enrollment terminations throughout the Plan Year.

Following enrollment, payroll processing centers produce an enrollment contribution data file of salary reductions elected by Employees, in a file format established in conjunction with the Contractor and the Department. All payroll processing centers are required to submit files using the established uniform file formats.

The electronic eligibility file also utilizes a uniform file format. The electronic eligibility file lists all Employees who are eligible to enroll in the HSA program and will be provided to the Contractor by the payroll processing centers on a regular basis.

HSA program contributions are deducted evenly over the course of the Plan Year, in accordance with the Participant's payroll schedule. There are three (3) possible payroll schedules, which vary among payroll processing centers.

- Bi-weekly: 24 pay periods
- Monthly: 12 pay periods
- 9 month: 9 pay periods

The Contractor issues a debit card to each new Participant upon enrollment. The debit card will allow Participants to pay for eligible health care expenses at the point of purchase.

The Contractor is responsible for producing all enrollment and other program materials and forms. The Department must approve all materials prior to distribution to State Employees and Retirees, including key communications or educational initiatives that are prepared by the Contractor for use by the State and other clients. The Contractor is responsible for distributing the materials to both Employees and Employers. Employers will also distribute materials to their Employees via their own inter-departmental distribution channels.

1.6 EFFECTIVE DATE

The effective date of the Employee's enrollment or change is based on the circumstances of the enrollment/change received. If the Employee enrolled during the IYC Open Enrollment period, their HSA benefit will be effective on the start of the new Plan Year, January 1. If the Employee makes a mid-year enrollment or change, their HSA benefit will be effective the first of the month on or following the Employee's eligibility date.

1.7 CONTRIBUTION LIMIT AND FUND AVAILABILITY

The Internal Revenue Code sets limits on the amount an Employee may contribute into the HSA program. These limits are adjusted each year for inflation. If and when the IRS announces a limit change, the Department will review the IRS limit change for plan adoption and work with the Contractor to make applicable program change(s) and communicate the change(s) to the payroll processing centers and Employees.

The HSA program is a money-in money-out benefit. Each pay period a contribution posts to the Employee's HSA, after which they may submit Reimbursement Requests for eligible expenses. The HSA funds are available to a participating Employee only as contributions occur.

1.8 EMPLOYER CONTRIBUTION

Employees receive the HSA Employer contribution for any coverage month in which the Employee is enrolled in the IYC HDHP and HSA program and is eligible for the Employer contribution towards their health insurance premium.

The 2018 annual HSA Employer contribution for Employees who are covered by the IYC HDHP for all of 2018 and are eligible for the full Employer contribution towards health insurance is:

- \$750 for single coverage
- \$1,500 for family coverage

Employees who are required to pay half the total health insurance premium will receive one-half of the State HSA contribution.

If IYC HDHP and HSA coverage are effective after January 1 of the Plan Year, the Employee will receive a prorated annual HSA State Employer contribution based on the coverage effective date. The Employee receives \$62.50 per month for every month in which they have single coverage and \$125.00 per month for every month in which they have family coverage. If an Employee terminates coverage during the year, the Employee will receive the State HSA contribution through the final month of coverage.

If an Employee changes their health insurance coverage level (single to family or vice versa), the Employee will receive the HSA Employer contribution associated with the health insurance coverage level that is required for that coverage month (\$62.50 for single coverage and \$125.00 for family coverage).

1.9 CARRYOVER

The Employee's contributions will carry over year-to-year without forfeiture. Contributions to the HSA belong to the Employee, even if they terminate employment or retire. Employees that terminate employment but keep the HSA open must pay a monthly HSA service fee.

1.10 COMMUNICATION

Over the course of the Plan Year, the Contractor will send electronic and mailed communication to Employees.

- Prior to the IYC Open Enrollment period, the Contractor will send electronic enrollment reminders to all eligible Employees.
- During the IYC Open Enrollment period, the Contractor will send weekly electronic enrollment reminders to all eligible Employees that have not yet enrolled.
- At the time the Employee enrolls, makes a change, or cancels their election, the Contractor will send the Employee a confirmation statement of the enrollment or change.
- At the end of the Plan Year, the Contractor will send electronic end-of-plan-year communications to remind Participants of important plan information and deadline dates.
- Over the course of the Plan Year, the Contractor will send systematic Participant notifications, including but not limited to receipt of Reimbursement Request, need for additional information, denial of Reimbursement Request, reimbursement payment issued, etc.
- The Contractor will send Participants any applicable tax forms and information.
- The Contractor will issue additional communication identified as necessary by the Department.

1.11 CLAIMS PROCESSING

As eligible expenses incur, the Participant has two (2) options to access their HSA account funds:

- a) Debit Card: Participants can use their HSA program debit card at the point-of-purchase. The debit card pays for and automatically substantiates the eligible expense, eliminating the need to submit a Reimbursement Request.
- b) Request a Reimbursement: Participants can submit a request for reimbursement to the Contractor using one (1) of the following methods:
 - Mobile application
 - Online account
 - Reimbursement Request form

Participants will only be reimbursed for expenses if they have sufficient funds in their HSA account. Any portion of an eligible claim that cannot be paid due to insufficient contributions will be held until sufficient payroll deposits are received.

The Contractor is responsible for receiving, properly authorizing, processing reimbursement claims for valid reimbursement expenses, and ensuring that all claims authorized for reimbursement are in compliance with all Federal and State requirements.

The Contractor will process all HSA claims and issue a reimbursement check or electronic funds transfer to program Participants within five (5) business days of receipt of a valid and complete reimbursement claim. The Contractor is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc.

1.12 SERVICES PROVIDED TO EMPLOYERS

The Contractor provides a central point of contact for Employer issues related to the HSA program.

The Contractor provides continuing program support services to all participating Employers. Employer payroll personnel receive regular assistance for deduction management, enrollment processing, terminations, etc.

The Contractor participates in health fairs sponsored by Employers in their service area.

1.13 CUSTOMER SERVICE

The Contractor provides a toll-free customer service line dedicated to the State benefit program. The customer service department responds to Participant's inquiries regarding account balances, enrollment, program information, forms completion, and complaints.

The volume of calls from State Participants to the customer service department currently averages 2,775 calls per month. Approximately 33,000 calls were answered in 2017. (This number includes calls for the Health Savings Account, Employee Reimbursement Account, and Commuter Fringe Benefit programs.) The Contractor documents all pertinent call details, including the Participant and the account in question, and classifies the types of inquiries received by the customer service department. Call activity is reported to the Department on a monthly basis.

The current customer service telephone line is available 7 a.m. to 5 p.m. in all time zones each business day. The Contractor also provides a customer service e-mail address that Participants can use to ask questions and resolve problems.

Participants have access to their personal account information 24 hours a day, 7 days a week, via the participant online account or mobile application. The online account and/or mobile application allows Participants to view their deposits, claims status, account balances, and additional account information.

The current third-party administrator maintains an office in Wisconsin to serve as an information and troubleshooting resource for the Department, State agencies, and Participants. The current third-party administrator provides support staff on-site at the Department's location twenty-four (24) hours per week. The Contractor may be requested to provide on-site support staff for up to twenty-four (24) hours per week during the implementation of the Contract, and during any key annual projects moving forward.

The Contractor is required to conduct a Quarterly customer service quality audit and an annual customer satisfaction survey of the State HSA program book of business.

1.14 GRIEVANCES

The Contractor is required to have a complaint/grievance procedure in place, as stipulated by the Program Agreement, to address Participant problems or complaints regarding claims, eligibility, change in status, or coverage issues. The Contractor may receive the grievance via telephone, e-mail, or mail. The Contractor is responsible for researching the issue and providing the Participant with clear information that supports their decision or resolves the issue.

If the Participant does not agree with the Contractor's decision, he or she may ask for a determination from the Department. The Contractor is then responsible for forwarding adequate information and documentation upon which the Department can issue a determination. The

Contractor submits a Quarterly report to the Department that shows the number of grievances filed, the type of grievance, and the time frame for resolution of the grievance.

1.15 SERVICES PROVIDED TO THE DEPARTMENT

The Contractor provides technical and compliance expertise to ETF to assure compliance with applicable IRS codes and regulations and alerts the Department when potential non-compliance is noted.

The Contractor provides any necessary technical information and/or assistance in the collection, preparation, and filing of any statistical or other program data that may be required by the IRS or other regulatory agency.

The Contractor provides the Department and the payroll processing centers with online administrative account access to the Contractor's Participant information.

Performance standards for selected business activities are required by the Contractor (see Appendix 9 – State of Wisconsin Program Agreement). The Contractor provides a monthly report to the Department detailing HSA program statistics in order to document that the performance standards have been met.

1.16 RECORD-KEEPING, ACCOUNTING, AND REPORTS

The Contractor works with nine (9) separate payroll processing centers to accurately enroll Participants and accurately record enrollments, elections, level of coverage, eligibility, and contributions.

The payroll processing centers deduct Participant contributions from payroll and then report contribution amounts to the Contractor and the Department via electronic file transmission. The election files are loaded on the Contractor's HSA processing systems and amounts are applied to the Participant's HSA account. Participant contributions that are deducted from payroll are sent via ACH from the payroll processing center to the Contractor to properly load funds to the Participant's HSA.

The Contractor performs all administrative and record-keeping functions necessary to ensure accurate disbursement of Participant contributions and accurate accounting of Participant accounts. The Contractor maintains accounting records at the plan level, recording all fund transactions between payroll processing centers and the Contractor, and at the Employee level, recording transactions for each Participant. The Contractor will conduct a monthly reconciliation of accounts and send the resulting report to the Department for review.

The Contractor will conduct internal audits of individual departments involved in the oversight of the HSA program in order to validate controls, processes, systems, and accuracy. The Contractor also provides monthly account reconciliation.

The Contractor will furnish the Department annually with a copy of the Contractor's Independent Service Auditors Report on Management's Description of Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls (SOC 1 Type 2).

On a periodic basis, the Department will schedule and arrange for an independent certified public accountant to review the Contractor's Contract compliance, as determined by the Department. The scope will be determined by the Department and may include record-keeping, Participant account activity, claims processing, administrative performance standards, and any other areas relevant to the program(s) under the Contract.

The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wisconsin Statute 13.94(1) (dd). The Department Terms and Conditions (Appendix 2) describes the Contractor's obligation to assist with such audits.

2 FUTURE STATE: PROJECT SCOPE AND OBJECTIVES

Proposals are being requested for a third-party administrator for the State-offered HSA program. Services are to include:

- Claims processing and reimbursement.
- Compliance assistance.
- Consultation services regarding Internal Revenue Code and regulations.
- Customer service.
- Enrollment and eligibility activities.
- Implementation.
- Member communication and education.
- Payroll center, human resource, and Department staff service support.
- Proactive account management.
- Reporting.

The Department's objective is to establish a long-term partnership with a Contractor for the administration of the HSA program who will:

- Deliver high quality, high value services.
- Ensure smooth operation of all claim reimbursement transactions related to the HSA program.
- Provide advanced compliance and tax code guidance.
- Work in partnership with the Department to champion member communication, engagement, and education.

The payroll processing center transmits member eligibility files and contribution files to the Contractor. Contractor shall reimburse submitted claims per plan documents, time limits, and statutory regulations.

Proposers must be able to provide all Services for the program(s) proposed and meet all the requirements requested in the RFP. The Contractor shall remain responsible for Contract performance regardless of any Services performed by its Subcontractor(s). All offerings described in the Proposal response must be available to all eligible Participants. The selected Proposal will become part of the Contract.

Appendix 7

SECTION 125 CAFETERIA PLAN AND EMPLOYEE REIMBURSEMENT ACCOUNTS PROGRAM OVERVIEW

Use for:

ETH0053 - Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA)

1 PROGRAM BACKGROUND INFORMATION

1.1 PROGRAM ADMINISTRATION

As established in accordance with Internal Revenue Code Section 125, the State of Wisconsin (State) “Cafeteria Plan” provides Employees with the option to designate pre-tax dollars to pay for certain qualified benefits. The Employee Reimbursement Account (ERA) program is an optional benefit program established for eligible State Employees.

The State is requesting proposals from qualified vendors for the following program components:

- Section 125 Cafeteria Plan Non-Discrimination Testing
- Section 125 Cafeteria Plan Documentation
- Health Care Flexible Spending Account (FSA)
- Limited Purpose FSA
- Dependent Day Care FSA

The ERA program was established by 1987 Wisconsin Act 399, as authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes 40.85-40.875. In 2015, the State instituted the State-sponsored High Deductible Health Plan (HDHP), Health Savings Account (HSA) and Limited Purpose FSA benefit offerings.

The ERA program offers State Employees the ability to elect pre-tax deductions for qualified health care and dependent day care expenses. The program currently offers debit card access to funds, direct pay to providers, and reimbursement of expenses.

The oversight authority for the Section 125 Cafeteria Plan and ERA program rests with the Group Insurance Board (Board). The program is administered on behalf of the Board by the Department of Employee Trust Funds (Department). The Contractor is responsible for enrollment services, including the development, production, and distributions of all enrollment materials, online and paper enrollment processing, program communication to Employees and Employers, as well as claims processing and reimbursement services. The Contractor is also responsible for producing compliant plan documentation and completing non-discrimination testing on an annual basis.

The administration of plan documentation and non-discrimination testing is currently split. The State’s current Health Savings Account (HSA) and ERA vendor provides annual non-discrimination testing services, while Department staff oversee the maintenance of plan documentation. To increase efficiency and compliance, the State has decided to combine the administration of these two components into one contract with ERA program management.

1.2 ADMINISTRATIVE EXPENSES

Employees do not pay a fee to participate in the ERA program. Administrative expenses charged to the ERA program for the Department’s costs and the Contractor's fees are funded from two sources: interest income on the withheld contributions and an annual charge to State agencies.

1.3 ADMINISTRATIVE SERVICES

The Contractor must prepare all materials necessary to effectively administer the program. These materials include, but are not limited to, open enrollment materials, a Section 125 Cafeteria Plan, Plan Document for the ERA programs, a Summary Plan Description for each ERA program, and non-discrimination testing instructional and reference documentation.

1.4 EMPLOYER GROUPS

There are fifty-eight (58) different State agencies in the ERA program, which operate under nine (9) different payroll processing centers. University of Wisconsin System Administration manages payroll functions for the 13 four-year campuses and the 13 two-year campuses with locations throughout the state. In addition, the majority of State agencies are administered by the Department of Administration through one (1) central payroll processing system, the State Transforming Agency Resources (STAR) system. See Appendix 4 – State Employer Organizational Relationship Overview.

1.5 EMPLOYEE ELIGIBILITY AND PARTICIPATION

The ERA program is available to most full-time and part-time State and University of Wisconsin Employees. Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin System, as well as limited term Employees, student hourlies, per diems, and other temporary Employees are not eligible.

Approximately 97,500 Employees at locations throughout the State are currently eligible to enroll in the ERA program. As of May 2018, there were 24,879 employees enrolled in the ERA program.

ERA Program Enrollment Experience

	2015	2016	2017	2018
Health Care FSA Participation	14,540	17,266	18,570	20,927
Limited Purpose FSA Participation	72	295	275	535
Dependent Day Care FSA	3,028	3,285	3,345	3,417

Total ERA Program Participation	17,640	20,846	22,190	24,879
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1.6 ENROLLMENT

An eligible Employee may enroll in the program within thirty (30) days of their date of hire in an eligible position or during an annual open enrollment period held in the fall prior to each Plan Year. If an Employee does not enroll within 30 days of their hire date or during the annual open enrollment period, they are not eligible to enroll until the next Plan Year's open enrollment period, unless they experience a qualified life change event, such as a marriage or divorce, birth or adoption of a child, a change in employment status, or another qualified life change event.

If an Employee should experience a qualified life change event, they may have the opportunity to enroll or change their coverage outside of the open enrollment period. Changes due to a qualifying life change event must be made by completing a change of election form within thirty (30) days of the date of the event and submitting it to their payroll/benefits office for processing.

Dates for the annual It's Your Choice (IYC) Open Enrollment period are set by the Board each year. The 2018 Plan Year open enrollment period began October 2 and ended October 27, 2017. The open enrollment period for Plan Year 2019 will begin October 1 and end October 26, 2018. The ERA program plan year is from January 1 through December 31.

During open enrollment, an Employee has three (3) options to enroll through the Contractor: online, paper, and telephone. Individuals employed by the State of Wisconsin, State Courts, and State Legislature and paid through the STAR system administered by the Department of Administration, and individuals employed by the University of Wisconsin System and the Wisconsin Economic Development Corporation enroll through their Employer's payroll/benefit system.

If an Employee is eligible and elects to enroll outside of the open enrollment period, the Employee is required to complete an enrollment application and submit the application to their human resource/benefit office for processing. Individuals employed by the State of Wisconsin, State Courts, and State Legislature and paid through the STAR system, and individuals employed by the University of Wisconsin System and the Wisconsin Economic Development Corporation enroll through their Employer's payroll/benefit system. The Contractor is responsible for receiving and processing all enrollments. It is the responsibility of the Contractor to appropriately process all enrollment terminations throughout the Plan Year.

Following enrollment, payroll processing centers produce an enrollment contribution data file of salary reductions elected by Employees, in a file format established in conjunction with the Contractor and the Department. All payroll processing centers are required to submit files using the established uniform file formats.

The electronic eligibility file also utilizes a uniform file format. The electronic eligibility file lists all Employees who are eligible to enroll in the ERA program and will be provided to the Contractor by the payroll processing centers on a regular basis.

ERA program contributions are deducted evenly over the course of the Plan Year, in accordance with the Participant's payroll schedule. There are three (3) possible payroll schedules, which vary among payroll processing centers.

- Bi-weekly: 24 pay periods
- Monthly: 12 pay periods

- 9 month: 9 pay periods

The Contractor issues a debit card to each new Participant upon enrollment. The debit card will allow Participants to pay for eligible health care and dependent expenses at the point of purchase.

The Contractor is responsible for producing all enrollment and other program materials and forms. The Department must approve all materials prior to distribution to State Employees, including key communications or educational initiatives that are prepared by the Contractor for use by the State and other Section 125 clients. The Contractor is responsible for distributing the materials to both Employees and Employers. Employers will also distribute materials to their Employees via their own inter-departmental distribution channels.

1.7 EFFECTIVE DATE

The effective date of the Employee's enrollment or change is based on the circumstances of the enrollment/change received. If the Employee enrolled during the IYC Open Enrollment period, their ERA benefit will be effective at the start of the new Plan Year, January 1. If the Employee makes a mid-year enrollment or change, their ERA benefit will be effective the first of the month on or following the Employee's eligibility date.

1.8 CONTRIBUTION LIMIT AND FUND AVAILABILITY

The Internal Revenue Code sets limits on the amount an Employee may contribute into the ERA program. These limits are adjusted each year for inflation. If and when the Internal Revenue Service (IRS) announces a limit change, the Department will review the IRS limit change(s) for plan adoption and work with the Contractor to make applicable program changes and communicate the changes to the payroll processing centers and Employees.

The total annual Health Care FSA and Limited Purpose FSA contribution election amount is available immediately at the start of the Plan Year.

The Dependent Day Care FSA program is a money-in money-out benefit. Each pay period, a contribution posts to the Participant's Dependent Day Care FSA account, after which they may submit Reimbursement Requests for eligible expenses. Dependent Day Care FSA funds are available to a Participant only as contributions occur.

1.9 CARRYOVER AND RUN-OUT PERIOD

In 2015, the State instituted annual program carryover limits with a run-out period for the Health Care FSA and Limited Purpose FSA. The current annual carryover limit is five hundred dollars (\$500). Any unused Health Care FSA or Limited Purpose FSA funds over five hundred dollars (\$500) at the close of the Plan Year are forfeited back to the program and held in trust by the

Department. If an Employee terminates their Health Care FSA or Limited Purpose FSA prior to the end of the Plan Year, any unused funds are forfeited.

No carryover funds are permitted for the Dependent Day Care FSA. Any unused Dependent Day Care FSA funds at the close of the Plan Year are forfeited.

1.10 COMMUNICATION

Over the course of the Plan Year, the Contractor will send electronic and mailed communications to Employees.

- Prior to the IYC Open Enrollment period, the Contractor will send electronic enrollment reminders to all eligible Employees.
- During the IYC Open Enrollment period, the Contractor will send weekly electronic enrollment reminders to all eligible Employees that have not yet enrolled.
- At the time the employee enrolls or makes a change, the Contractor will send the employee a confirmation statement of the enrollment or change.
- At the end of the Plan Year, the Contractor will send multiple electronic end-of-plan-year communications to remind Participants of important plan information and deadline dates.
- Over the course of the Plan Year, the Contractor will send systematic Participant notifications, including but not limited to receipt of Reimbursement Request, need for additional information, denial of Reimbursement Request, reimbursement payment issued, etc.
- At the end of the Plan Year through the runout period, the Contractor will send multiple substantiation and repayment requests.
- The Contractor will issue additional communication identified as necessary by the Department.

1.11 CLAIMS PROCESSING

As eligible expenses incur, the Participant has two (2) options to access their ERA account funds:

- a) Debit Card: Participants can use their ERA program debit card at the point-of-purchase. The debit card pays for and automatically substantiates most eligible expenses, limiting the need to submit a Reimbursement Request.
- b) Reimbursement Request: Participants can submit a request for reimbursement to the Contractor using one (1) of the following methods:
 - Mobile application
 - Online account
 - Reimbursement Request form

Participants will only be reimbursed for expenses if they have sufficient funds available in their ERA account. Health Care FSA and Limited Purpose FSA annual contribution amounts are available immediately at the start of the Plan Year. Any portion of an eligible Dependent Day Care

FSA claim that cannot be paid due to insufficient contributions will be held until sufficient payroll deposits are received.

1.12 CLAIMS EXPERIENCE

The Contractor is responsible for receiving, properly authorizing, and processing reimbursement claims for valid reimbursement expenses, and ensuring that all claims authorized for reimbursement are in compliance with Internal Revenue Code Section 125 regulations.

Reimbursement Requests can be submitted using a paper form or submitted online. The Contractor will process all claims and issue a reimbursement check or electronic funds transfer to Participants within five (5) business days of receipt of a valid and complete reimbursement claim (pending contribution fund availability). The Contractor is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc.

The total volume of debit card transactions and manual claims from State Participants to the current third-party administrator currently averages 25,330 per month. Approximately 319,136 debit card transactions and manual claims were processed in 2017. This number includes claims submitted via debit card, mobile app, online account, fax or mail.

ERA Program Total Claim Experience

	2015	2016	2017
Health Care FSA Total Claims	280,187	270,004	299,951
Limited Purpose FSA Total Claims	560	619	525
Dependent Day Care FSA Total Claims	22,808	18,608	18,660
ERA Program Total Claims	303,552	289,231	319,136

The total volume of manual claims from State Participants to the current third-party administrator currently averages 6,100 per month. Approximately 65,711 manual claims were processed in 2017. This number includes claims submit via mobile app, online account, fax, or mail.

ERA Program Total Manual Claim Experience

	2015	2016	2017
Health Care FSA Manual Claims	68,878	46,630	49,027
Limited Purpose FSA Manual Claims	138	219	222
Dependent Day Care FSA Manual Claims	21,277	16,724	16,462
Total ERA Manual Claims	90,293	63,573	65,711

1.13 SUBSTANTIATION

Since the ERA programs are tax-free, they are subject to IRS regulations. The IRS is strict when it comes to store-valued debit cards like the ERA program Debit Card and verification of eligible expenses. IRS regulations require all ERA debit card transactions to be verified as an eligible expense.

Depending on where a Participant tries to use their ERA program debit card, there may be instances where the ERA program debit card transaction will be processed without being verified as an eligible expense at the point-of-sale. In the event the ERA program debit card transaction processed at the point-of-sale without being verified, the Participant will receive a notification from the Contractor informing them that their ERA program debit card transaction requires substantiation. Substantiation consists of providing documentation, such as an itemized statement, detailed receipt, or an Explanation of Benefits (EOB) to verify that the transaction is an eligible expense according to IRS regulations.

Participants receive substantiation requests in order to:

1. Maintain program compliance with IRS regulations so that eligible expenses remain tax-free.
2. Prevent the Participant from having to repay the plan for unsubstantiated and/or unverified expenses.

Claims that are not auto-substantiated are automatically entered into a progressive five-step recovery process.

Five-Step Unsubstantiated Claim Recovery Process:

1. Substantiation notification
2. Claim denial and card deactivation
3. Plan correction payroll withholding
4. Offset approach
5. Recovery as other business debt

1.14 NON-DISCRIMINATION TESTING

The Contractor will be responsible for the completion of all applicable regulatory discrimination testing as required by the IRS.

The Contractor will conduct annual IRC Section 105(h) compliance non-discrimination testing for the Department. The Contractor will work with the Department and the payroll processing centers during the implementation process to determine a schedule and process for the testing. The Department will set a due date for the test results during the implementation, and then will provide a due date annually along with other reporting due dates for subsequent years.

1.15 SERVICES PROVIDED TO EMPLOYERS

The Contractor provides a central point of contact for Employer issues related to the ERA program.

The Contractor provides continuing program support services to all participating Employers. Employer payroll personnel receive regular assistance for deduction management, enrollment processing, terminations, etc.

The Contractor participates in health fairs sponsored by Employers in their service area.

1.16 CUSTOMER SERVICE

The Contractor provides a toll-free customer service line dedicated to the State benefit program. The customer service department responds to Participant's inquiries regarding account balances, enrollment, and program information, forms completion, and complaints.

The volume of calls from State Participants to the customer service department currently averages 2,775 calls per month. Approximately 33,000 calls were answered in 2017. (This number includes calls for the Employee Reimbursement Account, Commuter Fringe Benefit, and Health Savings Account programs.) The Contractor documents all pertinent call details, including the Participant and the account in question, and classifies the types of inquiries received by the customer service department. Call activity is reported to the Department on a monthly basis.

The current customer service telephone line is available 7 a.m. to 5 p.m. in all time zones each business day. The Contractor also provides a customer service e-mail address that Participants can use to ask questions and resolve problems.

Participants have access to their personal account information 24 hours a day, 7 days a week, via the participant online account or mobile application. The online account and/or mobile application allows Participants to view their deposits, claims status, account balances, and additional account information

The current third-party administrator maintains an office in Wisconsin to serve as an information and troubleshooting resource for the Department, State agencies, and Participants. The current third-party administrator provides support staff on-site at the Department's location twenty-four (24) hours per week. The Contractor may be requested to provide on-site support staff for up to twenty-four (24) hours per week during the implementation of the Contract, and during any key annual projects moving forward.

The Contractor is required to conduct a Quarterly customer service quality audit and an annual customer satisfaction survey of the State ERA program book of business.

1.17 GRIEVANCES

The Contractor provides a complaint/grievance procedure, as stipulated by the Program Agreement, to address Participant problems or complaints regarding claims, eligibility, change in status, or coverage issues. The Contractor may receive the grievance via telephone, e-mail, or mail. The Contractor is responsible for researching the issue and providing the Participant with clear information that supports their decision or resolves the issue.

If the Participant does not agree with the Contractor's decision, he or she may ask for a determination from the Department. The Contractor is then responsible for forwarding adequate information and documentation upon which the Department can issue a determination. The Contractor submits a Quarterly report to the Department that shows the number of grievances filed, the type of grievance, and the time frame for resolution of the grievance.

1.18 SERVICES PROVIDED TO THE DEPARTMENT

The Contractor provides technical and compliance expertise to the Department to assure compliance with applicable IRS codes and regulations and alerts the Department when potential non-compliance is noted.

The Contractor provides any necessary technical information and/or assistance in the collection, preparation, and filing of any statistical or other program data that may be required by the IRS or other regulatory agency.

The Contractor provides the Department and the payroll processing centers with online administrative account access to the Contractor's Participant information.

Performance standards for selected business activities are required by the Contractor (see Appendix 9 – State of Wisconsin Program Agreement). The Contractor provides a monthly report to the Department detailing ERA program statistics in order to document that the performance standards have been met.

1.19 RECORD-KEEPING, ACCOUNTING AND REPORTS

The Contractor works with nine (9) separate payroll processing centers to accurately withhold Participant elections, and to report Participant eligibility, enrollment, and contributions.

The payroll processing centers deduct Employee contributions from payroll and then report contribution amounts to the Contractor and the Department via electronic file transmission. The election files are loaded on the Contractor's ERA processing systems and amounts are applied to the employee's ERA account. Employee contributions that are deducted from payroll are sent to the Department and the Participant deduction information is resubmitted to the Contractor for verification.

All Participant contributions are received by the Department and held until disbursed by the Contractor. The current third-party administrator maintains a bank account on the Department's behalf from which claims are paid for the ERA program. As the Contractor completes each claim payment processing cycle, the Contractor electronically submits an invoice to the Department for the total number of claims paid, providing the total amount that was disbursed for each account. The Department then electronically transfers funds to the Contractor's bank account in the amount of the invoice. All interest earned from Participant contributions, including interest earned on the Contractor's bank account, is credited to the ERA program.

The Contractor will submit detailed invoicing and reports to the Department to allow adequate program monitoring. The detailed invoicing and reporting may include: master invoice, claims invoice, administrative fee invoice, enrollment, enrollment discrepancy, contribution, contribution discrepancy, reimbursement, repayment, plan finalization, forfeiture, substantiation, stale date checks, account balance, claim history, debit card status, Employer funding, etc.

The Contractor performs all administrative and record-keeping functions necessary to ensure accurate disbursement of Participant contributions and accurate accounting of Participant accounts. The Contractor maintains accounting records at the plan level, recording all fund transactions between the Department and the Contractor, and at the Employee level, recording transactions for each Participant. The Contractor will conduct a monthly reconciliation of accounts and send the resulting report to the Department for review.

The Contractor will conduct internal audits of individual departments involved in the oversight of the ERA program in order to validate controls, processes, systems, and accuracy. The Contractor will provide monthly bank account reconciliation.

The Contractor will furnish the Department annually with a copy of the Contractor's Independent Service Auditors Report on Management's Description of Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls (SOC 1 Type 2).

On a periodic basis, the Department will schedule and arrange for an independent certified public accountant to review the Contractor's Contract compliance, as determined by the Department. The scope will be determined by the Department and may include record-keeping, Participant account activity, claims processing, administrative performance standards, and any other areas relevant to the programs under the Contract.

The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wisconsin Statute 13.94(1) (dd). The Department Terms and Conditions (Appendix 2) describes the Contractor's obligation to assist with such audits.

2 FUTURE STATE: PROJECT SCOPE AND OBJECTIVES

Proposals are being requested for a third-party administrator for Section 125 Cafeteria Plan and the State-offered ERA programs, which includes the Health Care FSA, Limited Purpose FSA, and Dependent Day Care FSA. Services are to include:

- Annual non-discrimination testing.
- Claims processing and reimbursement.
- Compliance assistance.
- Consultation services regarding Internal Revenue code and regulations.
- Customer service.
- Enrollment and eligibility activities.
- Implementation.
- Member communication and education.
- Payroll center/benefit staff service support.
- Plan documentation development and maintenance.
- Proactive account management.
- Reporting.

The Department's objective is to establish a long-term partnership with a Contractor for the administration of the required Section 125 Cafeteria Plan services and the ERA program who will:

- Deliver high quality, high value services.
- Ensure smooth operation of all claim reimbursement transactions related to the ERA programs.
- Provide advanced compliance and tax code guidance.
- Work in partnership with the Department to champion member communication, engagement, and education.

The payroll processing centers will transmit member eligibility files and contribution files to the Contractor for ERA program administration. All submitted claims are to be reimbursed per plan documents, time limits, and statutory regulations.

The Contractor must provide a compliant and comprehensive Plan Document and Summary Plan Description to the State prior to the start of each Plan Year and prior to the effective date of any applicable plan change that would necessitate a Plan Document amendment or edited restatement. The Contractor must perform all annual non-discrimination and other testing(s) as required by applicable law and report findings to the State, as well as make corrections and provide recommendations in the event of a test failure.

Proposers must be able to provide all Services for the program(s) being proposed and meet all the requirements requested in the RFP. The Contractor shall remain responsible for Contract performance regardless of any of its Subcontractor's work. All offerings described in the Proposal response must be available to all eligible Employees. The selected Proposal will become part of the Contract.

Appendix 8

COMMUTER FRINGE BENEFIT ACCOUNTS PROGRAM OVERVIEW

Use for:

ETH0054 - Third Party Administration of Commuter Fringe Benefit Accounts

1 CURRENT STATE AND BACKGROUND

1.1 PROGRAM ADMINISTRATION

The Commuter Fringe Benefit program is a qualified transportation benefit plan authorized under Section 132 of the Internal Revenue Code. It was implemented for State of Wisconsin (State) Employees in 2002. The Commuter Fringe Benefit program offers State Employees the ability to elect pre-tax deductions for qualified parking expenses and/or mass transit expenses. The program currently offers direct pay to parking facilities, purchase of bus passes, and reimbursement of qualified transportation expenses.

The oversight authority for the Commuter Fringe Benefit program rests with the Group Insurance Board (Board). The Program is administered on behalf of the Board by the Department of Employee Trust Funds (Department). The Contractor is responsible for enrollment services, including the development, production, and distributions of all enrollment materials, online and paper enrollment processing, program communication to Employees and Employers, as well as claims processing and reimbursement services.

1.2 ADMINISTRATIVE EXPENSES

Employees do not pay a fee to participate in the program. Administrative expenses charged to the Commuter Fringe Benefit program for the Department's costs and the Contractor's fees are funded from two sources: interest income on the withheld contributions and an annual charge to State agencies.

1.3 EMPLOYER GROUPS

There are fifty-eight (58) different State agencies in the Commuter Fringe Benefit program, which operate under eight (8) different payroll processing centers. The majority of State agencies are administered by the Department of Administration through one (1) central payroll processing system, the State Transforming Agency Resources (STAR) system. See Appendix 4 – State Employer Organizational Relationship Overview.

1.4 EMPLOYEE ELIGIBILITY AND PARTICIPATION

The Commuter Fringe Benefit program is available to all full-time and part-time classified and unclassified State Employees. Employee dependents, UW System employees, Retirees, and Continuant are not eligible for participation.

Approximately 50,000 Employees are currently eligible to enroll in the Commuter Fringe Benefit program. Some agencies do not have Employees who use the benefit because they are located in small metropolitan or rural areas where there is no mass transit and parking is free, or parking is available in a State-owned facility where parking fees are already deducted on a pre-tax basis. As of May 2018, there were 2,356 Employees enrolled in the Commuter Fringe Benefit program.

Commuter Fringe Benefit Enrollment Experience

	2015	2016	2017	2018
Parking Account Participation	495	1,853	2,037	1,739
Transit Account Participation	1,705	566	618	577
Total Commuter Fringe Benefit Participation*	2,200	2,419	2,655	2,316

**Monthly average*

1.5 ENROLLMENT

The Commuter Fringe Benefit program allows an eligible Employee to enroll or make changes to their contribution amount at any time throughout the Plan Year. An Employee has the opportunity to enroll in the upcoming Plan Year during the annual open enrollment period. Dates for the annual It's Your Choice (IYC) Open Enrollment period are set by the Board each year. The 2018 Plan Year open enrollment period began October 2 and ended October 27, 2017. The open enrollment period for Plan Year 2019 will begin October 1 and end October 26, 2018.

During open enrollment, an Employee has three (3) options to enroll through the Contractor: online, paper, and telephone. Individuals employed by the State of Wisconsin, State Courts and State Legislature and paid through the STAR system, and individuals employed by the Wisconsin Economic Development Corporation enroll through their Employer's payroll/benefit system.

If an Employee is eligible and elects to enroll outside of the open enrollment period, the Employee is required to complete an enrollment application and submit the application to their human resource/benefit office for processing. Individuals employed by the State of Wisconsin, State Courts, and State Legislature and paid through the STAR system administered by the Department of Administration, and individuals employed by the Wisconsin Economic Development Corporation enroll through their Employer's payroll/benefit system.

The Contractor is responsible for receiving and processing all enrollments. Length of enrollment may vary depending on an individual Employee's circumstances, from one month and continuing until the end of the Plan Year. It is the responsibility of the Contractor to appropriately process all enrollment terminations throughout the Plan Year.

An Employee may change their Commuter Fringe Benefit election at any time during the Plan Year by completing a change of election form and submitting it to their payroll/benefits office.

Following enrollment, payroll processing centers produce an enrollment contribution data file of salary reductions elected by Employees, in a file format established in conjunction with the Contractor and the Department. All payroll processing centers are required to submit files using the established uniform file formats.

The electronic eligibility file also utilizes a uniform file format. The electronic eligibility file lists all Employees who are eligible to enroll in the Commuter Fringe Benefit program and will be provided to the Contractor by the payroll processing centers on a regular basis.

Commuter Fringe Benefit program contributions are deducted evenly over the course of the Plan Year, in accordance with the Employee's payroll schedule. There are two (2) possible payroll schedules, which vary between payroll processing centers.

- Bi-weekly: 24 pay periods
- Monthly: 12 pay periods

The Contractor issues a debit card to each new Participant upon enrollment. The debit card will allow Employees to pay for eligible transit and/or parking expenses at the point of purchase.

The Contractor is responsible for producing all enrollment and other program materials and forms. The Department must approve all materials prior to distribution to State Employees, including key communications or educational initiatives that are prepared by the Contractor for use by the State and other Section 132 clients. The Contractor is responsible for distributing the materials to both Employees and Employers. Employers will also distribute materials to their Employees via their own inter-departmental distribution channels.

1.6 EFFECTIVE DATE

The effective date of the Employee's enrollment or change is based on the date the enrollment or change is received. If the Employee enrolled during the IYC Open Enrollment period, their Commuter Fringe Benefit enrollment will be effective at the start of the new Plan Year, January 1. If the Employee makes a mid-year enrollment or change, their Commuter Fringe Benefit program will be effective the first of the month following the date the Employer received the enrollment application or change of election form.

1.7 CONTRIBUTION LIMIT AND FUND AVAILABILITY

The Internal Revenue Code sets limits on the amount an Employee may contribute into the Commuter Fringe Benefit program. These limits are adjusted each year for inflation. If and when the Internal Revenue Service (IRS) announces a limit change, the Department will review the change for plan adoption and work with the Contractor to make applicable program changes and communicate the changes to the payroll processing centers and Employees.

The Commuter Fringe Benefit program is a money-in money-out benefit. A contribution posts to the Participant's Commuter Fringe Benefit account each pay period, after which they may submit Reimbursement Requests for eligible expenses. Commuter Fringe Benefit program funds are available to a Participant only as contributions occur.

1.8 CARRYOVER

The Participant's election will carry over month to month until the end of the Plan Year or the Participant amends it, cancels it, or terminates employment during the Plan Year. Any funds that remain in the account at the end of the Plan Year will carry over to the next Plan Year, unless the Employee terminates employment. Any funds that remain in the Employee's Commuter Fringe

Benefit Account upon their termination of employment will be forfeited to the program, held in trust by the Department.

1.9 COMMUNICATION

Over the course of the Plan Year, the Contractor will send electronic and mailed communication to Employees.

- Prior to the IYC Open Enrollment period, the Contractor will send electronic enrollment reminders to all eligible Employees.
- During to the IYC Open Enrollment period, the Contractor will send weekly electronic enrollment reminders to all eligible Employees that have not yet enrolled.
- At the time the Employee enrolls or makes a change in election, the Contractor will send the Employee a confirmation statement of the enrollment or change.
- At the end of the Plan Year, the Contractor will send electronic end-of-plan-year communications to remind Participants of important plan information and deadline dates.
- Over the course of the Plan Year, the Contractor will send systematic Participant notifications, including but not limited to receipt of Reimbursement Request, need for additional information, denial of Reimbursement Request, reimbursement payment issued, etc.
- At the end of the Plan Year through the runout period, the Contractor will send multiple substantiation and repayment requests.
- The Contractor will issue additional communication identified as necessary by the Department.

1.10 CLAIMS PROCESSING

As eligible expenses incur, the Participant has two (2) options to access their Commuter Fringe Benefit account funds:

- a) Debit Card: The Participant can use their commuter fringe benefit debit card at the point-of-purchase. The debit card pays for and automatically substantiates the parking and transit expenses, eliminating the need to submit a Reimbursement Request.
- b) Reimbursement Request: The Participant can submit a request for reimbursement to the Contractor using one (1) of the following methods:
 - Mobile application
 - Online account
 - Reimbursement Request form

A Participant will only be reimbursed for expenses if they have sufficient funds in their Commuter Fringe Benefit account. Any portion of an eligible claim that cannot be paid due to insufficient contributions will be held until sufficient payroll deposits are received.

1.11 CLAIMS EXPERIENCE

The Contractor is responsible for receiving, properly authorizing, processing reimbursement claims for valid reimbursement expenses, and ensuring that all claims authorized for reimbursement are in compliance with Internal Revenue Code Section 132 regulations.

Reimbursement requests can be submitted using a paper form or may be submitted online. The Contractor will process all claims and issue a reimbursement check or electronic funds transfer to Participants within five (5) business days of receipt of a valid and complete reimbursement claim if Participant funds are available. The Contractor is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc.

The total volume of debit card transactions and manual claims from State Participants to the current third-party administrator currently averages 2,865 per month. Approximately 34,400 debit card transactions and manual claims were processed in 2017. (This number includes claims submitted via debit card, mobile app, online account, fax or mail.)

Commuter Fringe Benefit Total Claim Experience

	2015	2016	2017
Parking Account Total Claims	23,153	25,742	31,674
Transit Account Total Claims	2,569	2,334	2,723
Commuter Fringe Benefit Total Claims	25,722	28,076	34,397

The total volume of manual claims from State Participants to the current third-party administrator currently averages 936 per month. Approximately 11,235 manual claims were processed in 2017. (This number includes claims submitted via mobile app, online account, fax, or mail.)

Commuter Fringe Benefit Total Manual Claim Experience

	2015	2016	2017
Parking Account Manual Claims	10,601	8,682	9,196
Transit Account Manual Claims	2,153	1,876	2,039
Total Commuter Fringe Benefit Manual Claims	12,754	10,558	11,235

1.12 SERVICES PROVIDED TO EMPLOYERS

The Contractor provides a central point of contact for Employer issues related to the Commuter Fringe Benefit program.

The Contractor provides continuing program support services to all participating Employers. Employer payroll personnel receive regular assistance for deduction management, enrollment processing, terminations, etc.

The Contractor participates in health fairs sponsored by Employers in their service area.

1.13 CUSTOMER SERVICE

The Contractor provides a toll-free customer service line dedicated to the State of Wisconsin Commuter Fringe Benefit program. The customer service department responds to Participant's inquiries regarding account balances, enrollment, program information, forms completion, and complaints.

The volume of calls from State Participants to the customer service department currently averages 2,775 calls per month. Approximately 33,000 calls were answered in 2017. (This number includes calls for the Commuter Fringe Benefit, Employee Reimbursement Account, and Health Savings Account programs.) The Contractor documents all pertinent call details, including the Participant and the account in question, and classifies the types of inquiries received by the customer service department. Call activity is reported to the Department on a monthly basis.

The current customer service telephone line is available 7 a.m. to 5 p.m. in all time zones each business day. The Contractor also provides a customer service e-mail address that Participants can use to ask questions and resolve problems.

Participants have access to their personal account information 24 hours a day, 7 days a week, via the participant online account or mobile application. The online account and/or mobile application allows Participants to view their deposits, claims status, account balances, and additional account information

The current third-party administrator maintains an office in Wisconsin to serve as an information and troubleshooting resource for the Department, State agencies, and Participants. The current third-party administrator provides support staff on-site at the Department's location twenty-four (24) hours per week. The Contractor may be requested to provide on-site support staff for up to twenty-four (24) hours per week during the implementation of the Contract, and during any key annual projects moving forward.

The Contractor is required to conduct a Quarterly customer service quality audit and an annual customer satisfaction survey of the State Commuter Fringe Benefit program book of business.

1.14 GRIEVANCES

The Contractor is required to have a complaint/grievance procedure in place, as stipulated in Appendix 9 – State of Wisconsin Program Agreement, to address Participant problems or complaints regarding claims, eligibility, change in status, or coverage issues. The Contractor may receive the grievance via telephone, e-mail, or mail. The Contractor is responsible for researching the issue and providing the Participant with clear information that supports their decision or resolves the issue.

If the Participant does not agree with the Contractor's decision, he or she may ask for a determination from the Department. The Contractor is then responsible for forwarding adequate information and documentation upon which the Department can issue a determination. The Contractor submits a Quarterly report to the Department that shows the number of grievances filed, the type of grievance, and the time frame for resolution of the grievance.

1.15 SERVICES PROVIDED TO THE DEPARTMENT

The Contractor provides technical and compliance expertise to the Department to assure compliance with applicable IRS codes and regulations and alerts the Department when potential non-compliance is noted.

The Contractor provides any necessary technical information and/or assistance in the collection, preparation, and filing of any statistical or other program data that may be required by the IRS or other regulatory agency.

The Contractor provides the Department and the payroll processing centers with online administrative account access to the Contractor's Participant information.

Performance standards for selected business activities are required by the Contractor (see Appendix 9 –State of Wisconsin Program Agreement). The Contractor provides a monthly report to the Department detailing Commuter Fringe Benefit program statistics in order to document that the performance standards have been met.

1.16 RECORD-KEEPING, ACCOUNTING AND REPORTS

The Contractor works with eight (8) separate payroll processing centers to accurately withhold Participant elections, and to report Participant eligibility, enrollment, and contributions.

The payroll processing centers deduct Participant contributions from payroll and then report contribution amounts to the Contractor and the Department via electronic file transmission. The election files are loaded on the Contractor's Commuter Fringe Benefit processing systems and amounts are applied to the Participant's Commuter Fringe Benefit account. Participant contributions that are deducted from payroll are sent to the Department and the Participant deduction information is resubmitted to the Contractor for verification.

All Participant contributions are received by the Department and held until disbursed by the Contractor. The current third-party administrator maintains a bank account on the Department's behalf from which claims are paid for the Commuter Fringe Benefit program. As the Contractor completes each claim payment processing cycle, the Contractor electronically submits an invoice to the Department for the total number of claims paid, providing the total amount that was disbursed for each account. The Department then electronically transfers funds to the Contractor's bank account in the amount of the invoice. All interest earned from Participant contributions, including interest earned on the Contractor's bank account, is credited to the Commuter Fringe Benefit program.

The Contractor will submit detailed invoicing and reports to the Department to allow adequate program monitoring. The detailed invoicing and reporting may include: master invoice, claims invoice, administrative fee invoice, enrollment, enrollment discrepancy, contribution, contribution discrepancy, reimbursement, repayment, plan finalization, forfeiture, substantiation, stale date checks, account balance, claim history, debit card status, Employer funding, etc.

The Contractor performs all administrative and record-keeping functions necessary to ensure accurate disbursement of Participant contributions and accurate accounting of Participant accounts. The Contractor maintains accounting records at the plan level, recording all fund transactions between the payroll processing center, the Department, and the Contractor, and at the Employee level, recording transactions for each Participant. The Contractor will conduct a monthly reconciliation of accounts and send the resulting report to the Department for review.

The Contractor will conduct internal audits of individual departments involved in the oversight of the Commuter Fringe Benefit program in order to validate controls, processes, systems, and accuracy. The Contractor also provides monthly bank account reconciliation.

The Contractor will furnish the Department annually with a copy of the Contractor's Independent Service Auditors Report on Management's Description of Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls (SOC 1 Type 2).

On a periodic basis, the Department will schedule and arrange for an independent certified public accountant to review the Contractor's Contract compliance, as determined by the Department. The scope will be determined by the Department and may include record-keeping, Participant account activity, claims processing, administrative performance standards, and any other areas relevant to the programs under the Contract.

The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wisconsin Statute 13.94(1) (dd). The Department Terms and Conditions (Appendix 2) describes the Contractor's obligation to assist with such audits.

2 FUTURE STATE: PROJECT SCOPE AND OBJECTIVES

Proposals are being requested for a third-party administrator for the State-offered Commuter Fringe Benefit program, which includes pre-tax parking and transit accounts. Services are to include:

- Claims processing and reimbursement.
- Compliance assistance.
- Consultation services regarding Internal Revenue Code and regulations.
- Customer service.
- Enrollment and eligibility activities.
- Implementation.
- Member communication and education.
- Payroll center/benefit staff service support.
- Proactive account management.
- Reporting.

The Department's objective is to establish a long-term partnership with a Contractor for the administration of the Commuter Fringe Benefit program who will:

- Deliver high quality, high value services.
- Ensure smooth operation of all claim reimbursement transactions related to the Commuter Fringe Benefit program.
- Provide advanced compliance and tax code guidance.
- Work in partnership with the State to champion member communication, engagement, and education.

The payroll processing centers will transmit member eligibility files and contribution files to the Contractor for Commuter Fringe Benefit administration. All submitted claims are to be reimbursed per plan documents, time limits, and statutory regulations.

Proposers must be able to provide all Services and meet all the requirements requested in the RFP and shall remain responsible for Contract performance regardless of any of its Subcontractor's work. All offerings described in the Proposal response must be available to all eligible Employees. The selected Proposal will become part of the Contract.

Appendix 9



State of Wisconsin Program Agreement

**Issued by the State of Wisconsin
Department of Employee Trust Funds
On behalf of the Group Insurance Board**

June 29, 2018

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000 DEFINITIONS

Unless otherwise defined herein, any term needing definition shall have the definition found in RFP #ETH0052-54, the Department Terms and Conditions, applicable plan documents, or in applicable Wisconsin law. These terms, when used and capitalized in this AGREEMENT are defined and limited to that meaning only:

AGREEMENT means this State of Wisconsin Program Agreement.

BENEFIT PROGRAM refers to the programs included in the CONTRACT, such as, Section 125 Cafeteria Plan and Employee Reimbursement Account (ERA), Health Savings Account (HSA), and/or Commuter Fringe.

BOARD means the State of Wisconsin Group Insurance Board.

BUSINESS DAY means each CALENDAR DAY except Saturday, Sunday, and official State of Wisconsin holidays (see also: CALENDAR DAY, DAY).

CAFETERIA PLAN or **SECTION 125 CAFETERIA PLAN** refers to the plan under Internal Revenue Code Section 125 which allows for payment of the cost of certain benefits to be paid on a pre-tax basis.

CALENDAR DAY refers to a period of twenty-four hours starting at midnight.

CALENDAR YEAR means the time period from January 1 to December 31.

COMMUTER FRINGE BENEFIT means a qualified pre-tax savings transportation benefit program, such as a parking or transit account.

CONTINUANT means any PARTICIPANT enrolled in a BENEFIT PROGRAM under the federal or STATE continuation provisions.

CONTRACT means the written agreement resulting from the successful Proposal and subsequent negotiations that shall incorporate, among other things, the RFP, the final, applicable Program Agreement(s), the successful Proposer's Proposal as accepted by the Department, the Department Terms and Conditions, an updated and executed Appendix 1 Pro Forma Contract, its exhibits, subsequent amendments and other documents.

CONTRACTOR means a PROPOSER who is awarded a CONTRACT.

CONTRIBUTION means the money deposited into a PARTICIPANT'S BENEFIT PROGRAM account.

DAY means CALENDAR DAY unless otherwise indicated.

DEBIT CARD means a payment card issued to allow a PARTICIPANT to access their BENEFIT PROGRAM funds.

DEDUCTIBLE means a predetermined amount of money that a PARTICIPANT must pay before benefits are eligible for payment by their insurance.

DEPARTMENT or **ETF** means the State of Wisconsin Department of Employee Trust Funds.

DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT or **DEPENDENT DAY CARE FSA** means a pre-tax benefit account that allows for tax-free reimbursement of eligible day care expenses or other custodial care for QUALIFIED DEPENDENTS.

EMPLOYEE(S) means an eligible employee of the State of Wisconsin as defined under [Wis. Stat. § 40.02 \(25\) \(a\), 1., 2., or \(b\), 1m., 2., 2g., or 8.](#) An employee of the STATE as defined under [Wis. Stat. § 40.02 \(25\) \(b\), 1m. or 2](#) does not qualify as an EMPLOYEE for the COMMUTER FRINGE BENEFIT program.

EMPLOYEE REIMBURSEMENT ACCOUNT or **ERA** means Health Care Flexible Spending Account, Limited Purpose Flexible Spending Account, and Dependent Day Care Flexible Spending Account programs. ERA is also known as Flexible Spending Account (FSA).

EMPLOYER means an eligible State of Wisconsin agency as defined in [Wis. Stat. § 40.02 \(54\).](#) A University of Wisconsin System employer does not qualify as an EMPLOYER for the COMMUTER FRINGE BENEFIT program.

FSA means flexible spending account.

GHIP means the State of Wisconsin Group Health Insurance Program.

HDHP means High Deductible Health Plan.

HEALTH BENEFIT PROGRAM means the Group Health Insurance Program that provides group health benefits to eligible State of Wisconsin EMPLOYEES, ANNUITANTS, CONTINUANTS and their eligible dependents in accordance with Chapter 40, Wisconsin Statutes. The HEALTH BENEFIT PROGRAM is established, maintained and administered by the BOARD.

HEALTH CARE FLEXIBLE SPENDING ACCOUNT is an account that allows an EMPLOYEE to set aside tax-free dollars each year for health care expenses not covered by insurance. The PARTICIPANT may use these funds to pay for eligible health care expenses incurred by the PARTICIPANT or the PARTICIPANT'S QUALIFIED DEPENDENTS.

HEALTH SAVINGS ACCOUNT or **HSA** is an account that allows an EMPLOYEE enrolled in an HDHP plan to set aside tax-free dollars each year for health care expenses not covered by insurance. The PARTICIPANT may use these funds to pay for eligible health care expenses incurred by the PARTICIPANT or the PARTICIPANT'S QUALIFIED DEPENDENTS.

HIPAA means the Health Insurance Portability and Accountability Act of 1996. See Appendix 2 – Department Terms and Conditions.

INDIVIDUAL PERSONAL INFORMATION or **IPI** has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1). See Appendix 2 – Department Terms and Conditions.

INVENTORY INFORMATION APPROVAL SYSTEM or **IIAS** requires a merchant's inventory and point-of-sale systems to have the ability to verify that the merchandise being purchased with a BENEFIT PROGRAM DEBIT CARD is an eligible expense, as defined by the Internal Revenue Service.

IRS means Internal Revenue Service.

IT'S YOUR CHOICE OPEN ENROLLMENT or IYC means the enrollment period referred to in the DEPARTMENT materials as the IYC enrollment period that is available at least annually to EMPLOYEES allowing them the opportunity to enroll for coverage in benefit plans offered by the BOARD.

LIMITED PURPOSE FLEXIBLE SPENDING ACCOUNT or LPFSA is an account that allows an EMPLOYEE to set aside tax-free dollars each year for vision, dental and post-deductible expenses not covered by insurance. The PARTICIPANT may use these funds to pay for eligible health care expenses incurred by the PARTICIPANT or the PARTICIPANT'S QUALIFIED DEPENDENTS.

MERCHANT means an FSA provider that has a MERCHANT CATEGORY CODE and/or an INVENTORY INFORMATION APPROVAL SYSTEM and point-of-sale systems that can verify the merchandise being purchased with a BENEFIT PROGRAM DEBIT CARD is an eligible expense, as defined by the IRS.

MERCHANT CATEGORY CODE or MCC is a four-digit number credit card networks assign to every business that applies to accept credit cards. The number corresponds to the type of business or service the company offers (e.g. medical, dependent day care, parking, etc.).

PARTICIPANT(S) means the EMPLOYEE or any of the EMPLOYEE'S QUALIFIED DEPENDENTS who have been specified by the DEPARTMENT for enrollment and are entitled to participate in the BENEFIT PROGRAM.

PAYROLL CENTER means the benefits department of a participating STATE agency that is responsible for completing business processes associated with BENEFIT PROGRAM enrollment and changes, payroll deductions, leave benefit administration, and terminations. See Appendix 4 – State Employer Organizational Relationship Overview.

PERSONALLY IDENTIFIABLE INFORMATION or PII means information that is capable of identifying a particular individual through one or more identifiers or other information or circumstances. See Appendix 2 – Department Terms and Conditions.

PLAN YEAR means the twelve (12) month period of coverage under a BENEFIT PROGRAM (e.g. January 1 through December 31).

PROPOSAL means the complete response of a PROPOSER submitted in the format specified in the RFP, which sets forth the SERVICES offered by a PROPOSER and PROPOSER'S pricing for providing the SERVICES described in the RFP and in the Program Agreement.

PROPOSER means any individual, firm, company, corporation, or other entity that submits a PROPOSAL in response to the RFP.

PROTECTED HEALTH INFORMATION or PHI has the meaning ascribed to it under 45 s. CFR 160.103. See Appendix 2 – Department Terms and Conditions.

QUALIFIED DEPENDENT means any individual who is a tax dependent of the PARTICIPANT as defined in Internal Revenue Code Section 152; however, for HEALTH CARE FSA and LPFSA,

a QUALIFIED DEPENDENT is defined as set forth in Internal Revenue Code Section 105(b) including any child as defined in Internal Revenue Code Section 152(f)(1) of the PARTICIPANT who, as of the end of the taxable year, has not attained age twenty-seven (27); for HSA, a QUALIFIED DEPENDENT is defined in IRS Publication 502 including any child of the PARTICIPANT who is under the age of twenty-four (24); and for DEPENDENT DAY CARE FSA purposes, a QUALIFIED DEPENDENT also means an individual described in Internal Revenue Code Section 21(e)(5).

QUARTERLY means a period consisting of every consecutive three (3) months beginning in January.

REIMBURSEMENT REQUEST means a hard copy paper or electronic form submitted by the PARTICIPANT to the CONTRACTOR with all pertinent documentation regarding an eligible expense for monetary reimbursement from the PARTICIPANT'S pre-tax BENEFIT PROGRAM account.

RETIREE means a STATE member who is retired and receives an annuity or lump sum benefit from the Wisconsin Retirement System.

RFP means Request for Proposal.

SECURE means the confidentiality, integrity, and availability of the DEPARTMENT'S data is of the highest priority and must be protected at all times. All related hardware, software, firmware, protocols, methods, policies, procedures, standards, and guidelines that govern, store, or transport the data must be implemented in manners consistent with the DEPARTMENT'S terms and conditions and current industry standards, such as, but not limited to the Health Insurance Portability and Accountability Act (HIPAA), Genetic Information Nondiscrimination Act (GINA), National Institute of Standards and Technology (NIST) 800-53, and Center for Internet Security (CIS) Critical Security Controls to ensure the protection of all DEPARTMENT data.

SERVICES means all work performed, and labor, actions, recommendations, plans, research, and documentation provided by the CONTRACTOR necessary to fulfill that which the CONTRACTOR is obligated to provide under the CONTRACT.

STATE means the State of Wisconsin.

STATE ANNUITANT means any retired EMPLOYEE of the State of Wisconsin: receiving an immediate annuity under the Wisconsin Retirement System, a currently insured recipient of a long-term disability benefit under [Wis. Adm. Code § ETF 50.40](#), a currently insured recipient of a disability benefit under [Wis. Stat. § 40.65](#), or a terminated EMPLOYEE with twenty (20) years of creditable service.

SUBCONTRACTOR means a person or company hired by the CONTRACTOR to perform a specific task or provide SERVICES as part of the CONTRACT.

100 GENERAL

105 Introduction

This State of Wisconsin (STATE) Program Agreement (“AGREEMENT”) is for the purposes of administering the BENEFIT PROGRAM. The BENEFIT PROGRAM is an umbrella term used to describe the optional tax-savings benefit programs offered to eligible EMPLOYEES, which include the SECTION 125 CAFETERIA PLAN and EMPLOYEE REIMBURSEMENT ACCOUNTS, HEALTH SAVINGS ACCOUNT, AND COMMUTER FRINGE BENEFIT programs. The BENEFIT PROGRAM is administered for the Group Insurance Board (BOARD) by the State of Wisconsin Department of Employee Trust Funds (DEPARTMENT).

This AGREEMENT is subject to all other terms, conditions, and provisions in the CONTRACT.

By statute, the BOARD has the authority to negotiate the scope and content of the BENEFIT PROGRAM for EMPLOYEES of the STATE who choose to participate. The DEPARTMENT regularly provides the most current rosters for STATE agencies. See Appendix 5 – State Employer Group Roster (ET-1404).

110 Objectives

The BOARD'S objectives of the BENEFIT PROGRAM include, but are not limited to the following:

- 1) To provide superior management and delivery of the BENEFIT PROGRAM.
- 2) To provide accurate, timely, and responsive administration of all BENEFIT PROGRAM claims.
- 3) To follow federal and STATE rules and regulations pertaining to the BENEFIT PROGRAM.
- 4) To offer high-quality, high-value SERVICES to PARTICIPANTS.
- 5) To offer effective and timely support for PARTICIPANTS.
- 6) To provide excellent PARTICIPANT and EMPLOYEE communication, engagement, and education regarding the BENEFIT PROGRAM.
- 7) To be transparent in the contracting, purchasing, and establishment of tax-savings benefits through the BENEFIT PROGRAM.

115 General Requirements

The CONTRACTOR must meet the minimum requirements of Wis. Stat. [§ 40.85 - § 40.86](#), [§40.03\(6\)\(k\)](#), [§40.515](#), and this AGREEMENT. The CONTRACTOR must:

- 1) Cooperate with the DEPARTMENT to develop procedures and protocols for administering the BENEFIT PROGRAM.

- 2) Provide, in a format acceptable to the DEPARTMENT, at no additional cost and in a timely manner, all data and written or recorded material pertaining to this AGREEMENT.
- 3) Provide the specified level of SERVICES as indicated in this AGREEMENT to PARTICIPANTS.
- 4) Assist the DEPARTMENT with the administration of this AGREEMENT, including PARTICIPANT enrollment, record keeping, and general operations.
- 5) Have a mechanism for accurately maintaining records for a minimum of seven (7) years on each PARTICIPANT.
- 6) Have a mechanism, as approved by the DEPARTMENT, for handling complaints and grievances made by PARTICIPANTS.
 - a) This includes a formal grievance procedure, which at a minimum complies with federal and STATE law, whereby the PARTICIPANT is provided the opportunity to present a complaint to the CONTRACTOR and the CONTRACTOR will consider the complaint and advise the PARTICIPANT of its final decision. PARTICIPANTS must be advised of the grievance process when a REIMBURSEMENT REQUEST is denied or if the PARTICIPANT expresses, in writing, dissatisfaction with the administration or claims practices or provision of SERVICES by the CONTRACTOR. In all final grievance decision letters, the CONTRACTOR shall cite the specific IRS regulation or contractual provision(s) upon which the CONTRACTOR bases its decision and relies on to support its decision.
 - b) When necessary, the BOARD intends to take a proactive approach in resolving complaints. The CONTRACTOR must cooperate fully with the efforts of the DEPARTMENT in resolving complaints. Adverse decisions are subject to review by the BOARD for contractual compliance if the PARTICIPANT is not satisfied with the CONTRACTOR'S action on the matter.
 - c) The CONTRACTOR must retain records of grievances and submit an annual summary to the DEPARTMENT of the number, types of grievances received, and the resolution or outcome. The annual summary report will contain data and be in a format established by the DEPARTMENT.
- 7) Submit to the DEPARTMENT or its designee, as required by the DEPARTMENT, statistical report(s) showing financial and utilization data that includes claims and enrollment information.
- 8) Comply with all STATE and federal rules and regulations pertaining to the BENEFIT PROGRAM.
- 9) Provide the DEPARTMENT with approved materials for PARTICIPANTS as required under this AGREEMENT.

10) Provide notification of all significant events:

- a) The CONTRACTOR shall notify the BOARD in writing of any "Significant Event" within ten (10) CALENDAR DAYS after the CONTRACTOR becomes aware of it. (In the event of CONTRACTOR insolvency, the BOARD must be notified immediately.) As used in this provision, a "significant event" is any occurrence or anticipated occurrence that might reasonably be expected to have a material effect upon the CONTRACTOR'S ability to meet its obligations under this AGREEMENT, including, but not limited to, any of the following: disposal of major assets; loss of fifteen (15%) percent or more of the CONTRACTOR'S participation; termination or modification of any contract or subcontract if such termination or modification will have a material effect on the CONTRACTOR'S obligations under this AGREEMENT; the imposition of, or notice of the intent to impose, a receivership, conservatorship or special regulatory monitoring; the withdrawal of, or notice of intent to withdraw, or dissolution of existing relationship, state licensing or certification, or any other status under state or federal law; default on a loan or other financial obligations; strikes, slow-downs or substantial impairment of the CONTRACTOR'S facilities or of other facilities used by the CONTRACTOR in the performance of this AGREEMENT.
- b) In addition, any change in the ownership of or controlling interest in the CONTRACTOR, or any merger with another entity or the CONTRACTOR'S acquisition of another organization is a "significant event." A change in ownership or controlling interest means any change in ownership that results in a change to or acquisition of majority (fifty-one percent (51%)) interest in the CONTRACTOR or any transfer of ten percent (10%) or more of the indicia of ownership, including but not limited to shares of stock. The CONTRACTOR agrees to provide to the BOARD at least sixty (60) DAYS advance notice of any such event. The BOARD may accept a shorter period of notice when it determines the circumstances so justify.
- c) The BOARD requires the information concerning any change in ownership or controlling interest, any merger or any acquisition of another entity in order to fulfill the BOARD'S responsibility to assess the effects of the pending action upon the best interests of the BENEFIT PROGRAMS and its PARTICIPANTS. The BOARD agrees to keep the information disclosed as required under paragraph (b) above, confidential under [Wis. Stat. § 19.36 \(5\)](#) of the Wisconsin Public Records Law until the earliest of one of the dates noted below unless the CONTRACTOR waives confidentiality or a court orders the DEPARTMENT or BOARD to disclose the information or the DEPARTMENT or BOARD determines that under the particular circumstances, any harm to the public interest that would result from permitting inspection is outweighed by the public interest in immediate inspection of the records.

The BOARD also agrees to notify the CONTRACTOR of a request to disclose the information as a public record prior to making such disclosure, so as to permit the CONTRACTOR to defend the confidentiality of the information. Information disclosed by a CONTRACTOR concerning any change in ownership or controlling interest, any merger

or any acquisition of another entity will be disclosed by the BOARD as a public record beginning on the earliest of the following dates:

- i) The date the pending change in ownership or controlling interest, any merger or any acquisition of another entity becomes public knowledge, as evidenced by public discussion of the action including but not limited to newspaper accounts.
 - ii) The date such action becomes effective.
 - iii) Sixty (60) DAYS after the BOARD receives the information.
- d) The BOARD shall reserve the right to institute action as it deems necessary to protect the interests of the PARTICIPANTS of the BENEFIT PROGRAM as the result of a "significant event."
- 11) Agree to utilize identification numbers (Social Security Number or employee identification number) as directed by the DEPARTMENT. Social Security numbers may be incorporated into the PARTICIPANT'S data file and may be used for identification purposes only and not disclosed or used for any other purpose. The CONTRACTOR must always keep a record of Social Security numbers for providing data and other reports to the DEPARTMENT or its authorized vendors and track the unique employee identification number that is assigned by the DEPARTMENT and/or PAYROLL CENTER. Any costs incurred by the DEPARTMENT because of CONTRACTOR'S failure to comply with this requirement shall be paid by the CONTRACTOR.
- 12) Provide SERVICES and benefits to PARTICIPANTS deemed eligible and enrolled in the BENEFIT PROGRAM.
- 13) Have legal, compliance, and technical staff available to the DEPARTMENT for consultation as needed for program administration, and for assistance with any appeal and grievance processes. The CONTRACTOR shall monitor the development of and provide notification, information to the DEPARTMENT in a timely manner concerning STATE or federal regulations or legislation that may affect the BENEFIT PROGRAM.
- 14) Shall not use or disclose names, addresses, or other data for any purpose other than specifically provided for in the CONTRACT.
- 15) Comply with all applicable requirements and provisions of the [Americans with Disabilities Act \(ADA\) of 1990](#). Evidence of compliance with the ADA shall be made available to the DEPARTMENT upon request.
- 16) Notify the DEPARTMENT of any changes to the CONTRACTOR'S administrative and/or operative systems.

120 Board Authority

- 1) [Wis. Stat. § 40.85 and § 40.03 \(6\)\(k\)](#), provides authority for the BOARD to select and contract with a provider(s) authorized to transact business in the STATE for the purpose of providing BENEFIT PROGRAM services to be used by STATE agencies.
- 2) The BOARD shall establish enrollment periods, known as the IT'S YOUR CHOICE OPEN ENROLLMENT period, which shall permit eligible EMPLOYEES (and ANNUITANTS for the HSA program) to enroll in the BENEFIT PROGRAM offered by the BOARD. Unless otherwise provided by the BOARD, the IT'S YOUR CHOICE OPEN ENROLLMENT period shall be held once annually in the fall of each year with coverage effective the following January 1.
- 3) The BOARD reserves the right to change to a fiscal year or to some other schedule that it deems appropriate.
- 4) In cases where data submitted by the CONTRACTOR is deemed to be inadequate by the BOARD, DEPARTMENT, or the BOARD'S consulting actuary, the BOARD may take any action up to and including limiting new enrollment into the BENEFIT PROGRAM administered by the CONTRACTOR.
- 5) In the event a CONTRACTOR becomes, or is at risk for becoming insolvent, experiences a "significant event", or if the BOARD so directs due to a "significant event" as described in [Section 115](#), the BOARD may do any of the following, including any combination of the following:
 - a) Terminate the CONTRACT upon any notice it deems appropriate, including no notice.
 - b) Authorize a special enrollment period and require that each PARTICIPANT enrolled in a BENEFIT PROGRAM administered by the CONTRACTOR change to another BENEFIT PROGRAM provider.
 - c) Authorize a special enrollment period so that a PARTICIPANT enrolled in a BENEFIT PROGRAM administered by the CONTRACTOR may voluntarily change to another provider.
 - d) Close the BENEFIT PROGRAMS administered by the CONTRACTOR to any new enrollments for the remainder of the CONTRACT period.
 - e) Require that prior to making a BENEFIT PROGRAM selection, prospective PARTICIPANTS be given a written notice describing the BOARD'S concerns.
 - f) Take no action.
- 6) The BOARD may forfeit a PARTICIPANT'S rights to the BENEFIT PROGRAM if a PARTICIPANT fraudulently or inappropriately assigns or transfers rights to an ineligible individual(s) or aids any other person in obtaining benefits to which they are not entitled, or otherwise fraudulently attempts to obtain benefits. The DEPARTMENT may at any time

request such documentation as it deems necessary to substantiate PARTICIPANT or QUALIFIED DEPENDENT eligibility. Failure to provide such documentation upon request shall result in the suspension of benefits.

- 7) The BOARD may initiate disenrollment efforts in situations where a PARTICIPANT has committed acts of physical or verbal abuse. The PARTICIPANT'S disenrollment is effective the first of the month following completion of the grievance process and approval of the BOARD. The BOARD may limit re-enrollment options in the BENEFIT PROGRAM.
- 8) The BOARD shall determine all policy for the BENEFIT PROGRAM. In the event that the CONTRACTOR requests, in writing, that the BOARD issue program policy determinations or operating guidelines required for proper performance of the CONTRACT, the DEPARTMENT shall acknowledge receipt of the request in writing and respond to the request within a mutually agreed upon time frame.

125 Eligibility

125A General

For **SECTION 125 CAFETERIA PLAN** purposes, eligible EMPLOYEES include:

- 1) General STATE EMPLOYEES: active STATE and university EMPLOYEES participating in the Wisconsin Retirement System (WRS), as described in [Wis. Stat. § 40.02 \(25\) \(a\)](#).
- 2) Elected STATE officials ([Wis. Stat. § 40.02 \(25\) \(a\) 2](#)).
- 3) Members or EMPLOYEES of the legislature ([Wis. Stat. § 40.02 \(25\) \(a\) 2](#)).
- 4) Any blind EMPLOYEES of Beyond Vision (aka WISCRAFT) authorized under [Wis. Stat. § 40.02 \(25\) \(a\) 3](#).
- 5) Any EMPLOYEE on leave of absence who has chosen to continue their benefits, as described in [Wis. Stat. § 40.02 \(40\)](#).
- 6) Any EMPLOYEE on layoff whose premiums are being paid from accumulated unused sick leave as described in [Wis. Stat. § 40.02 \(40\)](#).
- 7) The following in the University of Wisconsin (UW) System and UW Hospital and Clinics Authority ([Wis. Stat. § 40.02 \(25\) \(b\)](#)):
 - a) Any teacher (employment category 40) who is employed by the university for an expected duration of not fewer than six (6) months on at least a one-third (33%) full-time appointment.
 - b) Any teacher who is a participating EMPLOYEE and who is employed by the UW System for an expected duration of not fewer than six (6) months on at least a one-third (33%) full-time appointment.

- c) Certain visiting faculty members in the UW System.
- d) Graduate student assistants (research assistants, fellows, advanced opportunity fellows, scholars, trainees, teaching assistants and project/program assistants) holding a combined one-third (33%) or greater appointment of at least one (1) semester per academic year (nine month) appointments or six (6) months for annual (twelve month) appointments.
- e) Employees-in-training (research associates, post-doctoral fellows, post-doctoral trainees, post-graduate trainees 1 through 7, interns (non-physician), research interns, and graduate interns/trainees) holding a combined one-third time (33%) or greater appointment of at least one (1) semester for academic year (nine (9) month) or six (6) months for annual (twelve (12) month) appointments.
- f) Short-term academic staff who are employed in positions not covered under the WRS and who are holding a fixed-term terminal, acting/provisional or interim appointment of twenty-eight percent (28%) or more with an expected duration of at least one (1) semester but less than one (1) academic year if on an academic year (nine (9) month) appointment or have an appointment of twenty-one percent (21%) or more with an expected duration of at least six (6) months but fewer than twelve (12) months if on an annual (twelve (12) month) appointment.
- g) Visiting appointees (e.g., visiting professors, visiting scientists, visiting lecturers) may be eligible.
- h) Any person employed as a graduate assistant and other employees-in-training as designated by the board of directors of the UW Hospital and Clinics Authority who are employed on at least a one-third full-time appointment with an expected duration of employment of at least six (6) months.

For **EMPLOYEE REIMBURSEMENT ACCOUNT** purposes, eligible EMPLOYEES include:

- 1) General STATE EMPLOYEES: active STATE and university EMPLOYEES participating in the WRS, as described in [Wis. Stat. § 40.02 \(25\) \(a\)](#).
- 2) Elected STATE officials ([Wis. Stat. § 40.02 \(25\) \(a\) 2](#)).
- 3) Members or EMPLOYEES of the legislature ([Wis. Stat. § 40.02 \(25\) \(a\) 2](#)).
- 4) Any blind EMPLOYEES of Beyond Vision (aka WISCRAFT) authorized under [Wis. Stat. § 40.02 \(25\) \(a\) 3](#).
- 5) Any EMPLOYEE on leave of absence who has chosen to continue their benefits, as described in [Wis. Stat. § 40.02 \(40\)](#).

- 6) Any EMPLOYEE on layoff whose premiums are being paid from accumulated unused sick leave as described in [Wis. Stat. § 40.02 \(40\)](#).
- 7) The following in the University of Wisconsin (UW) System and UW Hospital and Clinics Authority ([Wis. Stat. § 40.02 \(25\) \(b\)](#)):
 - a) Any teacher (employment category 40) who is employed by the university for an expected duration of not fewer than six (6) months on at least a one-third (33%) full-time appointment.
 - b) Any teacher who is a participating EMPLOYEE and who is employed by the UW System for an expected duration of not fewer than six (6) months on at least a one-third (33%) full-time appointment.
 - c) Certain visiting faculty members in the UW System.
 - d) Graduate student assistants (research assistants, fellows, advanced opportunity fellows, scholars, trainees, teaching assistants and project/program assistants) holding a combined one-third (33%) or greater appointment of at least one (1) semester per academic year (nine month) appointments or six (6) months for annual (twelve month) appointments.
 - e) Employees-in-training (research associates, post-doctoral fellows, post-doctoral trainees, post-graduate trainees 1 through 7, interns (non-physician), research interns, and graduate interns/trainees) holding a combined one-third time (33%) or greater appointment of at least one (1) semester for academic year (nine (9) month) or six (6) months for annual (twelve (12) month) appointments.
 - f) Short-term academic staff who are employed in positions not covered under the WRS and who are holding a fixed-term terminal, acting/provisional or interim appointment of twenty-eight percent (28%) or more with an expected duration of at least one (1) semester but less than one (1) academic year if on an academic year (nine (9) month) appointment or have an appointment of twenty-one percent (21%) or more with an expected duration of at least six (6) months but fewer than twelve (12) months if on an annual (twelve (12) month) appointment.
 - g) Visiting appointees (e.g., visiting professors, visiting scientists, visiting lecturers) may be eligible.
 - h) Any person employed as a graduate assistant and other employees-in-training as designated by the board of directors of the UW Hospital and Clinics Authority who are employed on at least a one-third full-time appointment with an expected duration of employment of at least six (6) months.
- 8) PARTICIPANTS who meet federal or STATE continuation provisions. See Section 250A.

For **HEALTH SAVINGS ACCOUNT** purposes, eligible EMPLOYEES include:

- 1) General STATE EMPLOYEES: active STATE and university EMPLOYEES participating in the WRS, as described in [Wis. Stat. § 40.02 \(25\) \(a\)](#).
- 2) Elected STATE officials ([Wis. Stat. § 40.02 \(25\) \(a\) 2](#)).
- 3) Members or EMPLOYEES of the legislature ([Wis. Stat. § 40.02 \(25\) \(a\) 2](#)).
- 4) Any blind EMPLOYEES of Beyond Vision (aka WISCRAFT) authorized under [Wis. Stat. § 40.02 \(25\) \(a\) 3](#).
- 5) Any EMPLOYEE on leave of absence who has chosen to continue their HDHP insurance, as described in [Wis. Stat. § 40.02 \(40\)](#).
- 6) Any EMPLOYEE on layoff whose premiums are being paid from accumulated unused sick leave as described in [Wis. Stat. § 40.02 \(40\)](#).
- 7) The following in the University of Wisconsin (UW) System and UW Hospital and Clinics Authority ([Wis. Stat. § 40.02 \(25\) \(b\)](#)):
 - a) Any teacher (employment category 40) who is employed by the university for an expected duration of not fewer than six (6) months on at least a one-third (33%) full-time appointment.
 - b) Any teacher who is a participating EMPLOYEE and who is employed by the UW System for an expected duration of not fewer than six (6) months on at least a one-third (33%) full-time appointment.
 - c) Certain visiting faculty members in the UW System.
 - d) Graduate student assistants (research assistants, fellows, advanced opportunity fellows, scholars, trainees, teaching assistants and project/program assistants) holding a combined one-third (33%) or greater appointment of at least one (1) semester per academic year (nine month) appointments or six (6) months for annual (twelve month) appointments.
 - e) Employees-in-training (research associates, post-doctoral fellows, post-doctoral trainees, post-graduate trainees 1 through 7, interns (non-physician), research interns, and graduate interns/trainees) holding a combined one-third time (33%) or greater appointment of at least one (1) semester for academic year (nine (9) month) or six (6) months for annual (twelve (12) month) appointments.
 - f) Short-term academic staff who are employed in positions not covered under the WRS and who are holding a fixed-term terminal, acting/provisional or interim appointment of twenty-eight percent (28%) or more with an expected duration of at least one (1)

semester but less than one (1) academic year if on an academic year (nine (9) month) appointment or have an appointment of twenty-one percent (21%) or more with an expected duration of at least six (6) months but fewer than twelve (12) months if on an annual (twelve (12) month) appointment.

- g) Visiting appointees (e.g., visiting professors, visiting scientists, visiting lecturers) may be eligible.
 - h) Any person employed as a graduate assistant and other employees-in-training as designated by the board of directors of the UW Hospital and Clinics Authority who are employed on at least a one-third full-time appointment with an expected duration of employment of at least six (6) months.
- 8) STATE ANNUITANTS under the age of sixty-five (65) years of age who meet the HEALTH BENEFIT PROGRAM, HDHP, and HSA eligibility requirements.
- 9) PARTICIPANTS who meet federal or state continuation provisions. See Section 250A.

For **COMMUTER FRINGE BENEFIT** purposes, eligible EMPLOYEES include STATE EMPLOYEES, including limited term EMPLOYEES who are eligible to participate, with the exception of EMPLOYEES of the University of Wisconsin System. EMPLOYEES of all campuses of the University of Wisconsin System are excluded from participation as of May 31, 2018, with the exception of EMPLOYEES of all campuses of the University of Wisconsin System who are participants in the Plan on May 31, 2018. EMPLOYEES of all campuses of the University of Wisconsin System who are participants in the plan on May 31, 2018, are no longer eligible to contribute to the plan, but retain unused amounts in their accounts as of that date, subject to the COMMUTER FRINGE BENEFIT program plan document.

125B Dependent Coverage Eligibility

For **SECTION 125 CAFETERIA PLAN** purposes, a DEPENDENT means, as provided herein, the PARTICIPANT'S:

- 1) Spouse.¹
- 2) Child.^{2, 3, 4}
- 3) Legal ward who becomes a permanent legal ward of the PARTICIPANT or PARTICIPANT'S spouse prior to age 19.^{2, 3, 4}
- 4) Adopted child when placed in the custody of the parent as provided by [Wis. Stat. § 632.896](#).^{2, 3, 4}
- 5) Stepchild.^{1, 2, 3, 4}
- 6) Grandchild if the parent is a DEPENDENT child.^{2, 3, 4, 5}

¹ A spouse and a stepchild cease to be a DEPENDENT at the end of the month in which a marriage is terminated by divorce or annulment.

² All other children cease to be a DEPENDENT at the end of the month in which they turn 26 years of age, except when:

- a) An unmarried DEPENDENT child who is incapable of self-support because of a physical or mental disability that can be expected to be of long-continued or indefinite duration of at least one year is an eligible DEPENDENT, regardless of age, as long as the child remains so disabled and he or she is dependent on the PARTICIPANT (or the other parent) for at least fifty percent (50%) of the child's support and maintenance as demonstrated by the support test for federal income tax purposes, whether or not the child is claimed. If the PARTICIPANT should decrease, the disabled adult DEPENDENT must still meet the remaining disabled criteria and be incapable of self-support.
- b) After attaining age twenty-six (26), as required by [Wis. Stat. § 632.885](#), a DEPENDENT includes a child that is a full-time student, regardless of age, who was called to federal active duty when the child was under the age of twenty-seven (27) years and while the child was attending, on a full-time basis, an institution of higher education.

³ A child born outside of marriage becomes a DEPENDENT of the father on the date of the court order declaring paternity or on the date the acknowledgement of paternity is filed with the Wisconsin Department of Health Services (or equivalent if the birth was outside of Wisconsin) or the date of birth with a birth certificate listing the father's name. The effective date of coverage will be the date of birth if a statement or court order of paternity is filed within sixty (60) CALENDAR DAYS of the birth.

⁴ A child, who is considered a DEPENDENT, ceases to be a DEPENDENT on the date the child becomes insured as an eligible EMPLOYEE.

⁵ A grandchild ceases to be a DEPENDENT at the end of the month in which the DEPENDENT child (parent) turns age eighteen (18).

For **EMPLOYEE REIMBURSEMENT ACCOUNT** purposes, a QUALIFIED DEPENDENT means who is a tax dependent of the PARTICIPANT as defined in Internal Revenue Code Section 152; however, for HEALTH CARE FSA and LPFSA, a QUALIFIED DEPENDENT is defined as set forth in Internal Revenue Code Section 105(b) including any child as defined in Internal Revenue Code Section 152(f)(1) of the PARTICIPANT who, as of the end of the taxable year, has not attained age twenty-seven (27); and for DEPENDENT DAY CARE FSA purposes, a QUALIFIED DEPENDENT also means an individual described in Internal Revenue Code Section 21(e)(5).

For **HEALTH SAVINGS ACCOUNT** purposes, a QUALIFIED DEPENDENT means a tax dependent of the PARTICIPANT as defined in IRS Publication 502 including any child of the PARTICIPANT who is under the age of twenty-four (24).

For **COMMUTER FRINGE BENEFIT** purposes, a PARTICIPANT'S dependent(s) is not eligible for benefits.

125C Change in Status

Election changes may be allowed if a PARTICIPANT or a QUALIFIED DEPENDENT experience a change in event status, as set forth in the SECTION 125 CAFETERIA PLAN, Plan Document and Summary Plan Description document. The election change must be the result of and correspond with the change in status event as determined by the DEPARTMENT (or its designated third-party administrator). With the exception of enrollment resulting from birth, placement for adoption, or adoption, all election changes are prospective generally the first of the month following the date the PARTICIPANT makes a new election, but it may be earlier depending on the DEPARTMENT'S internal policies or procedures. Changes due to a change in status event must be made within thirty (30) CALENDARY DAYS from the date of the event.

For HEALTH SAVINGS ACCOUNT purposes, a PARTICIPANT eligible for and enrolled in individual coverage only may change to family level coverage effective on the date of change to family status, including transfer of custody of eligible DEPENDENTS, if an application is received by the EMPLOYER within thirty (30) DAYS after the date of the change to family status. The difference in EMPLOYER HSA CONTRIBUTION between individual and family coverage for that month shall be due only if the change is effective before the end of the month.

Notwithstanding the paragraph above, the birth or adoption of a child to a PARTICIPANT under individual coverage, who was previously eligible for family coverage, will allow the PARTICIPANT to change to family coverage if an application is received by the EMPLOYER within sixty (60) DAYS of the birth, adoption, or placement for adoption.

125D Contributions

An EMPLOYEE'S BENEFIT PROGRAM CONTRIBUTION(S) will be arranged through deductions from salary.

A CONTINUANT'S CONTRIBUTION(S) to an EMPLOYEE REIMBURSEMENT ACCOUNT will be arranged through deductions from the last salary payment by the EMPLOYER or direct payment to the DEPARTMENT.

A CONTINUANT'S HEALTH SAVINGS ACCOUNT CONTRIBUTION(S) and an ANNUITANT'S HEALTH SAVINGS ACCOUNT CONTRIBUTION(S) will be paid directly to the CONTRACTOR; and, the CONTRACTOR must notify the DEPARTMENT of the PARTICIPANTS who terminate coverage. Also, see Section 245 Direct Pay Contribution and Section 250 Continuation.

130 Administrative Fee and Financial Administration

130A Financial Provisions

1) Claims Invoicing:

- a) The BOARD assumes all financial responsibility for claims submitted by/for PARTICIPANTS to the CONTRACTOR, whether by MERCHANTS or PARTICIPANTS. The DEPARTMENT shall initiate Automated Clearinghouse (ACH) transfers to the

CONTRACTOR within fifteen (15) DAYS of receipt of the CONTRACTOR'S invoices as authorized below.

- b) Billing and payment cycles for BENEFIT PROGRAM claims will occur twice monthly. Billing and payment cycles for claims submitted directly by PARTICIPANTS will occur monthly. Billing and payment cycles may be modified if mutually agreed upon by the CONTRACTOR and the DEPARTMENT. The CONTRACTOR will electronically send invoices, in forms satisfactory to the DEPARTMENT and CONTRACTOR, to the DEPARTMENT as follows:

- (1) Claims Reimbursement. Cycle I: Encompasses claims processed CALENDAR DAY one (1) through CALENDAR DAY fifteen (15). The CONTRACTOR will electronically send an invoice to the DEPARTMENT two (2) BUSINESS DAYS after the end of the cycle. Cycle II: Encompasses claims processed CALENDAR DAY sixteen (16) through the last CALENDAR DAY of the month. The CONTRACTOR will electronically send an invoice to the DEPARTMENT two (2) BUSINESS DAYS after the end of the cycle.

2) **Administrative and Other Fee Invoicing:**

- a) As payment in full for the SERVICES described in this AGREEMENT (except as expressly set forth otherwise herein), the BOARD agrees to pay a per-participant-per-benefit-per-month (PPPBPM) administrative fee.
- b) Payments shall be made monthly, based on the number of active PARTICIPANT BENEFIT PROGRAM accounts in the CONTRACTOR'S processing system on the fifteenth (15th) of the month.
 - (1) Administrative Fees. Encompasses administrative fees for SERVICES provided from CALENDAR DAY one (1) through the last CALENDAR DAY of the month. The CONTRACTOR will electronically send an invoice to the DEPARTMENT within ten (10) BUSINESS DAYS after the end of the cycle.
 - (2) Other Fees. For any fees other than the administrative fees, each cycle consists of one month, always ending on the last day of the month. The CONTRACTOR will electronically send an invoice to the DEPARTMENT within ten (10) BUSINESS DAYS after the end of the cycle.
- c) The PPPBPM administrative fee may be adjusted after the initial term of the CONTRACT. Cost increases for any CONTRACT term shall be negotiated in good faith and mutually agreed upon by the DEPARTMENT and CONTRACTOR.
- d) In the event the BOARD determines that additional services, not originally contemplated in this AGREEMENT, are necessary to realize the BOARD'S purposes and are in the best interests of the individuals covered by the BENEFIT PROGRAM, the DEPARTMENT may first approach the CONTRACTOR about providing those services. If the DEPARTMENT and CONTRACTOR agree, the DEPARTMENT and the CONTRACTOR shall negotiate in good faith in an attempt to establish fair and reasonable additional compensation for

the CONTRACTOR to perform the additional services. If unable to reach an agreement, the DEPARTMENT may seek services elsewhere.

3) **Banking**

- a) The DEPARTMENT shall deposit funds into the bank account designated by the CONTRACTOR within ten (10) DAYS following the DEPARTMENT'S receipt of the request for payment by the CONTRACTOR. This bank account shall be used to disburse funds and make claim payments made on behalf of the DEPARTMENT.
- b) The CONTRACTOR shall perform a monthly bank reconciliation and provide a reconciliation report to the DEPARTMENT within twenty (20) CALENDAR DAYS following the last day of each month.
- c) The CONTRACTOR shall submit a claims invoice reconciliation report each month for the prior month. The report will reconcile the weekly claims invoice into a monthly report that will match the claims data reported each month to the DEPARTMENT. The weekly claims invoice must show claims by the benefit period in which they were incurred.
- d) No such amounts that are rightfully transferred to the CONTRACTOR shall be considered BENEFIT PROGRAM assets. Amounts incorrectly transferred to the CONTRACTOR by the DEPARTMENT on behalf of the BOARD remain assets of the Public Employee Trust Fund for which the BOARD is trustee.

130B Prohibited Fees

- 1) The CONTRACTOR is prohibited from including in its administrative fee the cost to handle any claims paid outside of IRS regulations or CONTRACT provisions unless expressly authorized by the DEPARTMENT.
- 2) The CONTRACTOR is prohibited from billing fees that are not pre-approved by the BOARD, including, but not limited to travel and meal expenses.
- 3) The CONTRACTOR must include all fees in its administrative fee quoted to the DEPARTMENT, including but not limited to the cost to provide the following SERVICES:
 - a) *On-site personnel.* At the DEPARTMENT'S request, the CONTRACTOR shall provide on-site support and administrative SERVICES by providing personnel to work at the DEPARTMENT'S Madison, Wisconsin office to perform tasks associated with the administration of the CONTRACT.
 - b) *Expert Services.* At the request of the BOARD, the CONTRACTOR shall make available to the DEPARTMENT qualified compliance consultants to assist the DEPARTMENT in its reviews of program design, plan compliance, and claims administration.
 - c) *Mailing & Postage.* The CONTRACTOR will pay for all mailing, postage and handling costs for the distribution of materials as required by Section 135 Participant Materials and Marketing, or by other express provisions in this AGREEMENT.

130C Recovery of Overpayments

1) Overpayments:

- a) If it is determined that any payment has been made under the BENEFIT PROGRAMS and this AGREEMENT to an ineligible person, or if it is determined that more or less than the correct amount has been paid by the CONTRACTOR, the CONTRACTOR shall make a diligent attempt to recover the payment or shall adjust the overpayment. The CONTRACTOR shall not be required to initiate court proceedings to obtain any such recovery.
 - b) If any overpayments made for ineligible persons were the result of fraud or criminal acts or omissions on the part of the CONTRACTOR or any of its directors, officers, and employees, the CONTRACTOR shall reimburse the DEPARTMENT for the amount of such excess payments.
 - c) Overpayments resulting from negligence of the CONTRACTOR or any of its directors, officers and employees and which are caused by a systemic problem due to the CONTRACTOR'S design and/or operation of its claims processing system, including maintenance or card vendor arrangements, which are determined by the CONTRACTOR to be uncollectible, despite diligent efforts by the CONTRACTOR to recover the overpayments, shall be recoverable from the CONTRACTOR by the DEPARTMENT provided that the determination of the amount due shall be based on actual verified overpayments.
 - d) Any overpayment caused by the CONTRACTOR'S error shall be the responsibility of the CONTRACTOR, not to be charged to the DEPARTMENT, regardless of whether any such overpayment can be recovered by the CONTRACTOR. The DEPARTMENT shall provide reasonable cooperation to the CONTRACTOR in its recovery efforts.
 - e) The CONTRACTOR and the DEPARTMENT shall agree upon reasonable procedures to be used by the CONTRACTOR to recover or collect overpayments.
- 2) The BOARD shall hold the CONTRACTOR and its directors, officers, and employees harmless from any liability for any overpayments and/or underpayments made to any ineligible former PARTICIPANT when payments result from a failure of the BOARD, the DEPARTMENT or any other STATE department or agency to make a timely report to the CONTRACTOR of any PARTICIPANT'S loss of eligibility.
 - 3) The BOARD reserves the right to institute litigation for the purpose of recovering any overpayment. The BOARD reserves the right to join in any litigation instituted by the CONTRACTOR for the purpose of recovering any overpayment, which is the responsibility of the CONTRACTOR.

130D Amounts Owed by Contractor

Funds owed to the BOARD must be paid within thirty (30) CALENDAR DAYS from notification of penalties or monies owed. The CONTRACTOR has thirty (30) CALENDAR DAYS to document

any dispute of amounts owed. After thirty (30) DAYS, the DEPARTMENT may collect owed funds by deducting the amounts from the payments made to the CONTRACTOR, and the CONTRACTOR may be subject to further penalties.

130E Automated Clearinghouse (ACH)

The CONTRACTOR shall support an ACH mechanism that allows for the DEPARTMENT to submit payments.

135 Participant Materials and Marketing

135A Informational / Marketing Materials

- 1) All materials and communications shall be pre-approved by the DEPARTMENT prior to distribution to PARTICIPANTS, potential PARTICIPANTS, and EMPLOYERS of the BENEFIT PROGRAM. This includes written and electronic communication, such as marketing, informational letters, statement of reimbursement, BENEFIT PROGRAM guides, denial letters, and informational notifications.

CONTRACTOR must comply with [Section 1557](#) of the Affordable Care Act (ACA) and federal civil rights laws. Upon request, the CONTRACTOR will provide information on BENEFIT PROGRAM, services, and activities in alternate formats to PARTICIPANTS with qualified disabilities as defined by the Americans with Disabilities Act (ADA) of 1990, as well as those whose primary language is not English.

The notice in Appendix A of the federal [Section 1557](#) ACA regulations must be published in conspicuously-visible font size in all significant communications and significant publications, both print and web, related to the BENEFIT PROGRAM. The CONTRACTOR must use the notice as provided below, or a significantly similar version that meets the regulation requirements.

“Significant communications” and “significant publications,” while not defined in the law, are interpreted broadly to include the following:

- a) Documents intended for the public, such as outreach, education, and marketing materials;
- b) Written notices requiring a response from an individual; and,
- c) Written notices to an individual, such as those pertaining to rights and benefits.

The notice is as follows:

“*[Name of CONTRACTOR]* complies with applicable federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability, or sex. *[Name of covered entity]* does not exclude people or treat them differently because of race, color, national origin, age, disability, or sex.

[Name of CONTRACTOR]:

- Provides free aids and services to people with disabilities to communicate effectively with us, such as:
 - Qualified sign language interpreters
 - Written information in other formats
- Provides free language services to people whose primary language is not English, such as:
 - Qualified interpreters
 - Information written in other languages

If you need these services, contact [*Name of CONTRACTOR'S Civil Rights Coordinator*].

If you believe that [*Name of covered entity*] has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with: [*Name and Title of Civil Rights Coordinator*], [*Mailing Address*], [*Telephone number*], [*TTY number—if covered entity has one*], [*Fax*], [*Email*]. You can file a grievance in person or by mail, fax, or email. If you need help filing a grievance, [*Name and Title of Civil Rights Coordinator*] is available to help you. You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf>, or by mail or phone at: U.S. Department of Health and Human Services, 200 Independence Ave SW., Room 509F, HHH Building, Washington, DC 20201, 1-800-368-1019, 800-537-7697 (TDD).

Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html>.

Wherever the above notice appears, it is also required to include the following tagline, translated into at least the top fifteen (15) languages spoken by individuals with limited English proficiency in the State. That tagline reads:

“ATTENTION: If you speak [*insert language*], language assistance services, free of charge, are available to you. Call 1-xxx-xxx-xxxx (TTY: 1-xxx-xxx-xxxx).”

For purposes of consistency with the DEPARTMENT'S IYC materials, it is required to use the [top fifteen \(15\) language list](#) provided on the Centers for Medicare and Medicaid Services' [website](#). The CONTRACTOR shall use the [translations](#) of the above-referenced tagline as provided by the U.S. Department of Health and Human Services.

- 2) The CONTRACTOR must ensure that its marketing and communication materials are culturally sensitive and professional in content, appearance, and design. At the request of the DEPARTMENT, the CONTRACTOR must replace images or artwork on the dedicated website, web-portal, or promotional materials within seven (7) BUSINESS DAYS of the CONTRACTOR'S receipt of the DEPARTMENT'S request. The DEPARTMENT reserves the right to require removal of any objectionable content sooner.

- 3) The CONTRACTOR'S costs for developing and distributing communications to PARTICIPANTS in order to correct an error in previous CONTRACTOR communication(s) that was the result of a CONTRACTOR error will be at the cost of the CONTRACTOR.
- 4) The DEPARTMENT reserves the right to require the CONTRACTOR to provide notification to PARTICIPANTS as directed.

135B It's Your Choice Open Enrollment Materials

The CONTRACTOR will be required to prepare informational materials in a form and content acceptable to the BOARD, as determined by the DEPARTMENT, and clearly indicate any changes from the previous year's materials when submitting draft materials to the DEPARTMENT for review and approval.

- 1) The CONTRACTOR shall issue no less than two (2) electronic enrollment reminder communications to PARTICIPANTS enrolled in CONTRACTOR'S BENEFIT plan(s) prior to the IT'S YOUR CHOICE OPEN ENROLLMENT period and include any specific language directed by the DEPARTMENT summarizing any benefit or other BENEFIT PROGRAM changes. The CONTRACTOR shall send a confirmation to the DEPARTMENT Program Manager indicating the date(s) these re-enrollment reminder communications were issued.
- 2) The CONTRACTOR shall issue an annual enrollment brochure for PARTICIPANTS prior to the IT'S YOUR CHOICE OPEN ENROLLMENT period and include any specific language directed by the DEPARTMENT summarizing the benefits offered by the BENEFIT PROGRAM.
- 3) The CONTRACTOR shall issue an annual welcome brochure for PARTICIPANTS prior to the IT'S YOUR CHOICE OPEN ENROLLMENT period and include any specific language directed by the DEPARTMENT summarizing the benefits offered by the BENEFIT PROGRAM.
- 4) The CONTRACTOR shall submit the following information to the DEPARTMENT, in the format as determined by the DEPARTMENT, for inclusion in the communications from the DEPARTMENT for the IT'S YOUR CHOICE OPEN ENROLLMENT period:
 - a) CONTRACTOR information, including address, toll-free customer service telephone number, and website address.
 - b) CONTRACTOR'S content for the BENEFIT PROGRAM related information web page(s) and materials, including available features.
 - c) Information for PARTICIPANTS to access the CONTRACTOR'S web portal and MERCHANT directory on its web site, including a link to the MERCHANT directory.

- 5) The CONTRACTOR shall submit all informational materials intended for distribution to PARTICIPANTS during the IT'S YOUR CHOICE OPEN ENROLLMENT period to the DEPARTMENT for review and approval.
- 6) The CONTRACTOR shall submit three (3) hard copies of all IT'S YOUR CHOICE OPEN ENROLLMENT materials in final format to the DEPARTMENT at least two (2) weeks prior to the start of the IT'S YOUR CHOICE OPEN ENROLLMENT period.

135C Required Participant Outreach

The CONTRACTOR will be required to prepare informational materials in a form and content acceptable to the BOARD, as determined by the DEPARTMENT throughout the PLAN YEAR (January 1 through December 31), and clearly indicate any changes from the previous year's materials when submitting draft materials to the DEPARTMENT for review and approval.

- 1) In the event that the IRS makes a change to the BENEFIT PROGRAM CONTRIBUTION limits, the CONTRACTOR will be required to send notification a minimum of thirty (30) CALENDAR DAYS prior to the change to all PARTICIPANTS who are affected by the change. The notification must include an overview of the change and PARTICIPANT impact, and any PARTICIPANT action required for resolution. The notification shall also detail any required action steps required of the CONTRACTOR, PAYROLL CENTER, and/or EMPLOYER for resolution, as well as the contact information for the CONTRACTOR'S customer service.

140 Information Systems

- 1) The CONTRACTOR'S systems must have the capability of adapting to any future changes that become necessary as a result of modifications to the BENEFIT PROGRAMS and its requirements. The CONTRACTOR'S systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes, as requirements may change.
- 2) If the CONTRACTOR has plans to migrate to a different data or web platform, the DEPARTMENT must be notified no less than six (6) months in advance of the migration.
- 3) The CONTRACTOR must transmit data SECURELY using current industry standard SECURE transmission protocols, e.g., sFTP/SSH or SSL/TLS. This may require software on desktops or an automated system that collects files from the CONTRACTOR'S repository and SECURELY transmits data.
- 4) The CONTRACTOR'S data centers, network, web-portal and personal computers (PCs) must be protected by an up-to-date firewall. PCs and applications must be updated with the latest security fixes and continually maintained and up-to-date. Servers must be SECURED with only authorized staff allowed access to servers. Data that is at rest must be encrypted using strong industry standard encryption. The CONTRACTOR must have a password policy with a complex password scheme, which, at a minimum, meets these criteria:
 - a) A minimum of eight (8) characters;

- b) Does not use the user's name or user ID in the password;
- c) Requires users to change passwords at least every ninety (90) DAYS;
- d) Does not repeat any of the last ten (10) passwords used; and
- e) The password must contain at least three (3) of these four (4) data types:
 - i) Upper case alphabetic letters (A - Z),
 - ii) Lower case alphabetic letters (a - z),
 - iii) Numeric (0 - 9),
 - iv) Special characters (all special characters available on the keyboard).

Other password complexity rules may be acceptable, if approved by the DEPARTMENT.

An audit program must be in place to ensure above practices are being followed. The CONTRACTOR'S staff must be trained and follow SECURE computing best practices. Wireless networks must be protected using strong encryption and password policies. Connectivity to all networks, wired or wireless, must be protected from unwanted/unknown connections. Any sub-contractors must agree to and abide by all the network and data security requirements.

- 5) All data backups must be handled or transmitted SECURELY. Offsite storage must be audited for compliance (i.e. physical security, all used tapes are accounted for). A business recovery plan must be documented and tested annually, at a minimum, by the CONTRACTOR, and submitted to the DEPARTMENT.
- 6) The CONTRACTOR must be able to confirm that emails sent to program PARTICIPANTS and/or EMPLOYERS have been successfully transmitted and will track failed emails and initiate requests to be whitelisted for EMPLOYER groups that may be blocking the CONTRACTOR'S email communication. The CONTRACTOR must deliver failed messages to PARTICIPANTS in another format), within ten (10) BUSINESS DAYS, (e.g. hard copy mail, phone call) if the email transmission is not successful.
- 7) Upon request by the DEPARTMENT, the CONTRACTOR must be able to generate and provide a listing of all individuals that were electronically sent a particular document or communication by the CONTRACTOR or the CONTRACTOR'S SUBCONTRACTOR, the date and time that the document or communication was generated, and the date and time that it was sent to particular individuals. The CONTRACTOR must also provide a listing of those who were sent the communication piece in another format as required by 6), above.

- 8) The CONTRACTOR shall verify and commit that during the length of the CONTRACT, it shall not undertake a major system change or conversion for, or related to, the system used to deliver SERVICES for the BENEFIT PROGRAMS without specific prior written notice of at least one hundred eighty (180) DAYS to the DEPARTMENT. Examples of a major system change include a new platform for enrollment, REIMBURSEMENT REQUEST payment, data submission system, or DEBIT CARD processing. This does not apply to any program fixes, modifications and enhancements.

145 Data Requirements

145A Data Integration and Technical Requirements

The CONTRACTOR agrees to utilize identification numbers (Social Security Number or employee identification number) as directed by the DEPARTMENT. Social Security numbers are to be incorporated into the BENEFIT PROGRAM data file(s) and may be used for identification purposes only and not disclosed or used for any other purpose. CONTRACTORS must always keep record of Social Security numbers for providing data and other reports to the DEPARTMENT or its authorized vendors and track the unique employee identification number that is assigned by the DEPARTMENT and/or PAYROLL CENTER. Further, the CONTRACTOR must supply identification number values on any communication or data transmission that refers to individual PARTICIPANTS, including but not limited to BENEFIT PROGRAM file transfers, reports, data extracts, and invoices. Given the ubiquitous and central nature of the identification number in the DEPARTMENT'S and PAYROLL CENTER systems, it is strongly preferred that the identification number is stored in the CONTRACTOR'S system directly, thereby facilitating ad hoc queries, data integrity, and referential integrity within the CONTRACTOR'S system. Any costs incurred by the DEPARTMENT because of CONTRACTOR'S failure to comply with this requirement shall be paid by the CONTRACTOR.

The CONTRACTOR must follow the DEPARTMENT'S SECURE file transfer protocols (sFTP) using the DEPARTMENT'S sFTP site to submit and retrieve files from the DEPARTMENT or provide another acceptable means for SECURE electronic exchanging of files with the DEPARTMENT, as approved by the DEPARTMENT.

145B Department's Benefit Administration System Requirements

The DEPARTMENT is currently in the process of consolidating multiple legacy information technology systems to a single benefit administration system for all DEPARTMENT benefit offerings. This new system will become the system of record for enrollment and demographic information. The upgrade to this new system may impact the formatting or data fields required for transmitting enrollment files and may also impact the way in which enrollment data is communicated to the CONTRACTOR. The CONTRACTOR must make any necessary updates to its system to accommodate changes to administer the BENEFIT PROGRAMS.

145C Payroll Center Administration System Requirements

Each PAYROLL CENTER has its own payroll administration system. Over the course of the CONTRACT, a PAYROLL CENTER may launch a new payroll administration system or upgrade to its current payroll administration system. The CONTRACTOR will be required to participate in the preparation and testing of files as part of the project to implement a new or upgrade a current

payroll administration system. PAYROLL CENTERS are currently the system of record for enrollment, demographic, and contribution information for the BENEFIT PROGRAM.

Each PAYROLL CENTER is considered a separate employer and it is commonplace for EMPLOYEES to transfer employment between PAYROLL CENTERS. The CONTRACTOR is required to seamlessly transfer the PARTICIPANT'S BENEFIT PROGRAMS enrollment information and elections from one PAYROLL CENTER to another PAYROLL CENTER.

145D File Requirements

The CONTRACTOR'S system(s) must be able to accept BENEFIT PROGRAM data file submissions on a mutually agreed upon frequency and accurately process eligibility, enrollment, changes, deletions, and contributions within two (2) BUSINESS DAYS of the file receipt.

The CONTRACTOR must resolve all discrepancies (any difference of values between the DEPARTMENT'S and PAYROLL CENTER'S database and the CONTRACTOR'S database) as identified within one (1) BUSINESS DAY of notification by the DEPARTMENT or identification by the CONTRACTOR.

The CONTRACTOR shall conduct an enrollment and CONTRIBUTION verification audit of enrollment and contribution data at the frequency as directed by the DEPARTMENT. The CONTRACTOR will take the CONTRACTOR'S data, compare that data with the DEPARTMENT'S and PAYROLL CENTER'S data, and generate an exception report. The CONTRACTOR will be responsible for resolving differences between the DEPARTMENT'S and PAYROLL CENTER'S data and the CONTRACTOR'S data, updating the CONTRACTOR'S data, and informing the DEPARTMENT and PAYROLL CENTER, as appropriate.

The CONTRACTOR shall maintain an exception report spreadsheet that includes the error details and final resolution, and submit it to the DEPARTMENT, at the frequency directed by the DEPARTMENT.

- a) Delays in processing file submissions must be communicated to the DEPARTMENT Program Manager or designee within one (1) BUSINESS DAY.

145E Data Requests

The CONTRACTOR shall provide and receive all reasonable requests for data and other information as needed in a file format as identified by the DEPARTMENT. The CONTRACTOR will place no restraints on the use of the data; provided that the DEPARTMENT shall not disclose to third parties any data received from CONTRACTOR that constitutes a trade secret as defined under Wisconsin law.

145F Data Warehouse Requirements

The DEPARTMENT is currently in the process of establishing a data warehouse. In the event the DEPARTMENT does incorporate the BENEFIT PROGRAM into the DEPARTMENT'S data warehouse:

The CONTRACTOR is expected to fully incorporate available BENEFIT PROGRAMS data into data reporting as required by the DEPARTMENT, using the file and data specifications provided by the DEPARTMENT.

The CONTRACTOR shall provide and receive all reasonable requests for data and other information as needed in a file format as identified by the DEPARTMENT. The CONTRACTOR will place no restraints on the use of the data.

The CONTRACTOR will provide the DEPARTMENT with an electronic file in the DEPARTMENT specified standard format for the BENEFIT PROGRAM on a timeline specified by the DEPARTMENT.

The CONTRACTOR agrees to assign ID numbers according to the system established by the DEPARTMENT. Social security numbers shall be incorporated into the PARTICIPANT'S data file and may be used for identification purposes only and not disclosed and used for any other purpose.

Delays in submitting program data to the DEPARTMENT'S data warehouse must be communicated via email to the DEPARTMENT Program Manager or designee within one (1) BUSINESS DAY of the scheduled transfer.

All file formats are subject to change, as determined by the DEPARTMENT, to better serve the needs of the BENEFIT PROGRAM.

The CONTRACTOR data provided to STATE program vendors must be accurate, complete and timely. The CONTRACTOR must not place restrictions on the use of the data provided to the STATE program vendors.

Data provided to the DEPARTMENT by the CONTRACTOR will be de-identified, unless authorized by the PARTICIPANT for the purpose of appeal, issue resolution, or fraud investigation.

150 Miscellaneous General Requirements

150A Reporting Requirements and Deliverables:

- 1) The CONTRACTOR must submit all reports and deliverables, and comply with all material requirements set forth in this AGREEMENT.
- 2) Each report submitted by the CONTRACTOR to the DEPARTMENT must:
 - a) Be verified by the CONTRACTOR for accuracy and completeness prior to submission;
 - b) Be delivered on or before scheduled due dates;
 - c) Be submitted as directed by the DEPARTMENT;

- d) Fully disclose all required information in a manner that is responsive and with no material omission; and
 - e) Be accompanied by a brief narrative that describes the content of the report and highlights significant findings of the report.
- 3) The DEPARTMENT requirements regarding the frequency of report submissions may change during the term of the CONTRACT. The CONTRACTOR must comply with such changes within forty-five (45) CALENDAR DAYS.
 - 4) The CONTRACTOR must notify the DEPARTMENT regarding any significant changes in its ability to collect information relative to required data or reports.
 - 5) The CONTRACTOR must fully support the BOARD and the DEPARTMENT in responding timely to informational requests made by the STATE Legislature.

150B Performance Standards and Penalties

The CONTRACTOR must guarantee performance sufficient to fulfill the needs of the CONTRACT. The CONTRACTOR must meet all performance standards listed in [Section 315](#). After the CONTRACT start date, if additional resources are needed, the CONTRACTOR will bear all costs necessary to satisfy the requirements of the CONTRACT.

Written notification of each failure to meet a performance standard that is listed in [Section 315](#) will be given to the CONTRACTOR prior to assessing penalties. Upon notification by the DEPARTMENT, the CONTRACTOR will have five (5) BUSINESS DAYS to cure the failure, or if agreed to by the DEPARTMENT, to provide an action plan of how the failure will be cured. Additional DAYS can be approved by the DEPARTMENT Program Manager if deemed necessary. If the failure is not resolved within this warning/cure period, penalties may be imposed retroactively to the date of failure to perform. The imposition of penalties is not in lieu of any other remedy available to the DEPARTMENT/BOARD.

If the DEPARTMENT elects to not exercise a penalty clause in a particular instance, this decision shall not be construed as an acceptance of the CONTRACTOR'S performance. The DEPARTMENT retains the right to pursue future assessment of that performance requirement and associated penalties.

The DEPARTMENT shall be the sole determinant as to whether or not the CONTRACTOR meets a performance standard.

150C Benefit Program Plan Documentation

The CONTRACTOR shall provide a compliant and comprehensive SECTION 125 CAFETERIA PLAN plan document (Plan Document) and/or any pertinent summary plan description(s) (Summary Plan Description) to the STATE for each contracted BENEFIT PROGRAM prior to the start of each PLAN YEAR and prior to the effective date of any applicable plan change that would necessitate a Plan Document amendment or edited restatement. The Plan Document and Summary Plan Description(s) must meet all pertinent federal and STATE requirements.

The CONTRACTOR shall work in conjunction with the DEPARTMENT and PAYROLL CENTERS to complete any necessary Plan Document and Summary Plan Description amendment(s) or edited restatement(s) at least annually. The CONTRACTOR shall complete any necessary amendment(s) or edited restatement(s) by the due date(s) specified by the DEPARTMENT or its designee.

150D Nondiscrimination Testing

The SECTION 125 CAFETERIA PLAN and EMPLOYEE REIMBURSEMENT ACCOUNT CONTRACTOR shall conduct annual [Internal Revenue Code \(IRC\) Sec. 105\(h\)](#) compliant nondiscrimination testing for all SECTION 125 CAFETERIA PLAN eligible BENEFIT programs offered by the DEPARTMENT and as identified by the DEPARTMENT. The SECTION 125 CAFETERIA PLAN and EMPLOYEE REIMBURSEMENT ACCOUNT CONTRACTOR shall work in conjunction with the DEPARTMENT, HEALTH SAVINGS ACCOUNT CONTRACTOR, and PAYROLL CENTERS to complete Internal Revenue Code (IRC) Sec. 105(h) compliant nondiscrimination testing for the DEPARTMENT at least annually. The SECTION 125 CAFETERIA PLAN and EMPLOYEE REIMBURSEMENT ACCOUNT CONTRACTOR will provide a schedule, process for the testing, and data requirements agreed upon by the DEPARTMENT and the CONTRACTOR. The SECTION 125 CAFETERIA PLAN and EMPLOYEE REIMBURSEMENT ACCOUNT CONTRACTOR and the HEALTH SAVINGS ACCOUNT CONTRACTOR shall complete any necessary nondiscrimination testing requirements by the due date(s) specified by the DEPARTMENT or its designee.

Annual nondiscrimination testing requirements do not apply to the COMMUTER FRINGE BENEFIT CONTRACTOR.

150E Audit and Other Services

- 1) **Records.** The CONTRACTOR shall maintain books, records, documents and other evidence pertaining to the administrative SERVICES under this AGREEMENT to the extent and in such detail as shall properly reflect all performance of the CONTRACTOR'S duties herein.
- 2) **Cooperation with Auditors.** The CONTRACTOR will, in conjunction with BOARD-designated personnel, participate in and cooperate fully with audits of the CONTRACTOR'S SERVICES under this AGREEMENT as required under federal or STATE law, and with other audits or reviews of the CONTRACTOR'S SERVICES under this AGREEMENT determined by the BOARD to be necessary and appropriate. This may include an audit on behalf of the STATE Legislature by the STATE'S Legislative Audit Bureau. See Appendix 2 – Department Terms and Conditions.
- 3) **Annual Audits.**
 - a) The CONTRACTOR is required to submit to annual audits of its SERVICES, operations, and compliance under this AGREEMENT according to audit guidelines established by the BOARD. The audits will be completed by the firm contracted by the BOARD to complete third-party contract audits of the BENEFIT PROGRAM, and will be paid for by the BOARD. The audits by the third-party contractor will be based upon BOARD specifications and will evaluate claims and contributions processed by the CONTRACTOR. The audit firm will deliver to both the CONTRACTOR and to the

BOARD a report of findings and recommendations within the guidelines established by the BOARD.

- b) The report will be prepared in accordance with generally accepted auditing standards, and will include the following matters and other matters as agreed by the BOARD and the CONTRACTOR: comprehensive compliance audit of the program; evaluation of internal control; risk assessment of the administration of the program; analyses of data, billing, etc. to ascertain compliance with CONTRACT provisions and accepted accounting principles, good business practice, etc.; and substantive tests to evaluate the accuracy of recording and processing transactions and the effectiveness, efficiency, and economy of transaction processing.
 - c) The audits by the third-party contractor of the BOARD will also audit the flow and proper use of the BOARD's funds through the CONTRACTOR'S claims processing system; review the content of, and audit cash flows pertaining to all contracts between the CONTRACTOR and MERCHANTS, and review the content of, and audit cash flows between the CONTRACTOR and DEPARTMENT and/or PAYROLL CENTERS.
 - d) The CONTRACTOR shall agree to an audit conducted by an independent CPA firm at the CONTRACTOR'S expense that is in accordance with the Statement of Standard for Attestation Engagements (SSAE) 16 and provide a copy of the CPA's report to the DEPARTMENT.
- 4) **Internal Controls Review.** The CONTRACTOR will cooperate with an independent third-party auditor's study, evaluation, and testing of the effectiveness of the CONTRACTOR'S internal controls over its performance of SERVICES at least once per year. The study and evaluation shall be at the BOARD's expense.

150F Fraud and Abuse

1) PARTICIPANT Fraud

a) Policy on PARTICIPANT Fraud

No person other than a PARTICIPANT is entitled to benefits under this AGREEMENT. The PARTICIPANT or any of his or her QUALIFIED DEPENDENTS are not authorized by this AGREEMENT to assign or transfer their rights under this AGREEMENT, aid any other person in obtaining benefits to which they are entitled or knowingly present or cause a false or fraudulent claim. The PARTICIPANT'S rights to coverage under the BENEFIT PROGRAM are forfeited if a PARTICIPANT assigns or transfers such rights, or aids any other person in obtaining benefits to which they are not entitled, or otherwise falsely or fraudulently attempts to obtain benefits. Coverage terminates the beginning of the month following action of the DEPARTMENT. Re-enrollment rights may be limited as determined by the DEPARTMENT.

The DEPARTMENT may at any time request such documentation as it deems necessary to substantiate PARTICIPANT or QUALIFIED DEPENDENT eligibility.

Failure to provide such documentation upon request shall result in the suspension of benefits.

b) Contractor Responsibility Related to Participant Fraud

Upon discovery, the CONTRACTOR shall report to the DEPARTMENT any suspected or identified PARTICIPANT fraud. The CONTRACTOR must cooperate with the investigation of fraud and provide information including aggregate claim amounts or other documentation, as requested by the DEPARTMENT. Fraud may result in the reprocessing of claims and recovery of overpayments. For information see Section 130C Recovery of Overpayments.

2) **Fraud and Abuse Review Plan Requirements**

The CONTRACTOR, within thirty (30) CALENDAR DAYS of the execution of the CONTRACT, and annually thereafter, must submit a fraud and abuse review plan to the DEPARTMENT. Upon the DEPARTMENT'S approval of the plan, the CONTRACTOR must perform QUARTERLY (unless another timeframe is agreed upon by the DEPARTMENT) fraud and abuse reviews and provide results of material findings to the DEPARTMENT.

Examples of potential findings that could be included in QUARTERLY reviews include, but are not limited to:

- a) Fictitious QUALIFIED DEPENDENT
- b) False or altered claim
- c) Duplicate REIMBURSEMENT REQUESTS

3) **Appeal Process Support**

- a) The CONTRACTOR shall participate in all administrative hearings under Wis. Admin. Code Ch. ETF 11 to the extent determined to be necessary by the attorney(s) representing the DEPARTMENT.
- b) Participate means providing evidence and testimony necessary to explain the claim decisions made by the CONTRACTOR. The CONTRACTOR shall be responsible for any cost required for participation in the administrative hearings by the CONTRACTOR'S staff and any approved SUBCONTRACTORS of CONTRACTOR, including but not limited to time spent at the hearing and travel time to and from the hearing.

150G Privacy Breach Notification

The CONTRACTOR shall comply with all STATE and federal laws regarding PARTICIPANT privacy, as well as the confidentiality provisions provided in Appendix 2 - Department Terms and Conditions.

150H Implementation

The CONTRACTOR is required to have an Implementation Manager and Implementation Team available to manage the project from the CONTRACT start date until all implementation tasks are

complete, as determined by the DEPARTMENT, and all remaining responsibilities are transferred over to the CONTRACTOR'S Account Manager and key staff. The Implementation Manager must be available Monday through Friday from 8:00 a.m. to 4:30 p.m. CST/CDT to assist DEPARTMENT staff. The CONTRACTOR will continuously assess the implementation process to ensure a smooth and successful implementation. The CONTRACTOR'S Account Manager, who will be responsible for the CONTRACT, must be an active member of the Implementation Team.

The CONTRACTOR must conduct status meetings with the DEPARTMENT concerning project development, project implementation and CONTRACTOR performance at least twice a week during implementation and for the first three to four (3-4) months following the launch of the PLAN YEAR, unless otherwise approved by the DEPARTMENT in writing. Meetings may be in person or by teleconference/webinar, as determined by the DEPARTMENT.

The DEPARTMENT reserves the right to make on-site visits to any CONTRACTOR locations.

The CONTRACTOR is required to perform and/or manage the following activities by the date indicated:

Implementation Requirements Timeline

Activity	Due Dates
Implementation Plan: The CONTRACTOR submits an updated implementation plan in a mutually agreed upon format and timeline to the DEPARTMENT Program Manager or designee.	Within ten (10) BUSINESS DAYS of execution of the CONTRACT
Fraud and Abuse Review Plan: The CONTRACTOR submits a fraud and abuse review plan to the DEPARTMENT	Within thirty (30) CALENDAR DAYS of execution of the CONTRACT
Non-Discrimination Testing Plan: The CONTRACTOR works with the DEPARTMENT (and the Section 125 Cafeteria Plan CONTRACTOR) to establish deliverables and a timeline for annual non-discrimination testing. The DEPARTMENT will establish the first-year due date in accordance with this plan. (Does not apply to the COMMUTER FRINGE BENEFIT CONTRACTOR.)	Within thirty (30) CALENDAR DAYS of execution of the CONTRACT
Transition Plan: The transition plan is established in a mutually agreed upon format and submitted to the DEPARTMENT Program Manager or designee for review.	Within thirty (30) CALENDAR DAYS of execution of the CONTRACT
Program Information: All BENEFIT PROGRAM informational materials for the 2020 benefit period submitted to the DEPARTMENT Program Manager or designee for review and approval.	August 1, 2019

Activity	Due Dates
<p>Web Content: The CONTRACTOR must provide the DEPARTMENT Program Manager or designee the customized web pages dedicated to the BENEFIT PROGRAM and for the upcoming IT'S YOUR CHOICE OPEN ENROLLMENT period for review and approval.</p>	August 1, 2019
<p>Customer Service: The CONTRACTOR'S dedicated toll-free customer service telephone number is operational and customer service staff for the BENEFIT PROGRAM are trained.</p>	September 1, 2019
<p>Web Content Launch: The web content dedicated to the BENEFIT PROGRAM and upcoming IT'S YOUR CHOICE OPEN ENROLLMENT period is completed, as determined by the DEPARTMENT Program Manager or designee, and launched.</p>	September 15, 2019
<p>Employer Kick-Off Meeting: The CONTRACTOR shall attend the IYC EMPLOYER Kick-Off meeting and provide guidance and BENEFIT materials to PAYROLL CENTER staff.</p>	September 19, 2019
<p>Informational Mailing: The CONTRACTOR shall send an informational mailing with materials approved by the DEPARTMENT Program Manager or designee to eligible BENEFIT PROGRAM households one (1) week prior to the start of the IT'S YOUR CHOICE OPEN ENROLLMENT period.</p>	October 2019 (Date TBD)
<p>Employer Health Fairs: The CONTRACTOR shall participate in IT'S YOUR CHOICE OPEN ENROLLMENT health fairs sponsored by EMPLOYERS.</p>	October – November 2019
<p>Eligibility File: An audit of the PAYROLL CENTER and DEPARTMENT eligibility files have been fully tested and are ready for BENEFIT PROGRAM operation.</p>	November 15, 2019
<p>Enrollment File: The enrollment verification audit of the PAYROLL CENTER and DEPARTMENT enrollment files have been fully tested and are ready for BENEFIT PROGRAM operation.</p>	November 15, 2019
<p>Financial Administration: Financial administration requirements are operational, including but not limited to:</p> <ul style="list-style-type: none"> • Establishment of bank account(s) for funds for claims payments, and determination of bank account(s) ownership. • Establishment of mutually agreed upon written procedures related to managing the bank account(s) and invoicing (including data fields to be included). • ACH mechanism for electronic funds transfer/EFT of claims payments and fees. 	November 30, 2019
<p>Grievance Procedure: The CONTRACTOR agrees to use the DEPARTMENT'S grievance process. The CONTRACTOR must</p>	November 30, 2019

Activity	Due Dates
submit its internal grievance procedure to reflect implementation of the DEPARTMENT'S grievance procedure, including the DEPARTMENT administrative and independent review rights and sample grievance decision letters, for the DEPARTMENT'S review and approval.	
DEBIT CARDS: The CONTRACTOR issues DEBIT CARDS for PARTICIPANTS with coverage effective January 1, 2020.	December 15, 2019
Welcome Packet: The CONTRACTOR issues welcome packets for PARTICIPANTS with coverage effective January 1, 2020.	December 15, 2019
Claims Administrative Services: All claims administrative SERVICES for the BENEFIT PROGRAM are fully operational.	January 1, 2020
Administrator Web-Portal: The CONTRACTOR'S web-portal for DEPARTMENT and PAYROLL CENTER Administrators is launched.	January 1, 2020
PARTICIPANT Web-Portal: The CONTRACTOR'S web-portal for PARTICIPANT account management is launched.	January 1, 2020
PARTICIPANT Mobile Application: The CONTRACTOR'S mobile application for PARTICIPANT account management is launched.	January 1, 2020
Administrative Fee Invoicing: The CONTRACTOR'S administrative fee invoicing to the DEPARTMENT is established, tested, and working correctly.	January 31, 2020
Point of Claims Invoicing: The CONTRACTOR'S point of claims invoicing to the DEPARTMENT has been established, tested, and working correctly.	February 28, 2018

150I Contract Termination

In addition to the provisions in Appendix 2 - Department Standard Terms and Conditions, the following applies if the CONTRACT is terminated:

- 1) If the BOARD terminates the CONTRACT, then all rights to benefits provided by the CONTRACTOR shall cease as of the date of termination.
- 2) In the event of CONTRACT termination or non-renewal, the CONTRACTOR will be responsible for processing claims through the run-out period (January 1 through March 31) following the CONTRACT termination date.
- 3) Enrollment changes, eligibility changes, CONTRIBUTIONS, and corrections processed by the DEPARTMENT and/or PAYROLL CENTERS prior to CONTRACT termination will continue to be processed by the CONTRACTOR during the entire run-out period following the

CONTRACT termination date. During the entire run-out period following the CONTRACT termination date, all performance standards and penalties remain in force.

- 4) The CONTRACTOR will be required to coordinate turnover and transition planning and activities, subject to the DEPARTMENT'S approval.

150J Transition Plan

During the implementation period, upon DEPARTMENT request, and prior to CONTRACT termination, the CONTRACTOR must provide to the DEPARTMENT a comprehensive transition plan in a mutually agreed upon format that provides a timeline of major tasks, activities, and information that will be provided to the succeeding vendor when CONTRACTOR relinquishes responsibilities at termination of the CONTRACT.

In the event that the CONTRACTOR terminates the CONTRACT, an updated transition plan must accompany the notice of termination. In the event the BOARD terminates the CONTRACT; the CONTRACTOR must send an updated transition plan to the DEPARTMENT within thirty (30) CALENDAR DAYS of the written notice of termination to the CONTRACTOR. The transition plan must be approved by the DEPARTMENT prior to the transition begin date and must include the CONTRACTOR'S cooperation and participation in planning calls or meetings with the succeeding vendor.

The CONTRACTOR must administer a program transition period to process claims and to handle related customer service inquiries. The transition period begins on the effective date of CONTRACT termination and will be no longer than one (1) year. The administrative fee paid to CONTRACTOR during the transition period shall be the administrative fee in effect during the last year of the CONTRACT.

Leading up to and during the run-out period, the CONTRACTOR must:

- 1) Participate in all DEPARTMENT requested meetings;
- 2) Provide all reports for program close out;
- 3) Report on performance standards specified in [Section 315](#);
- 4) Invoice the DEPARTMENT as specified in [Section 130A](#);
- 5) Transmit program data to the new vendor; and
- 6) Continue grievance reviews.

150K Account Management and Staffing

Upon execution of the CONTRACT, the CONTRACTOR shall designate two (2) dedicated Account Managers and one (1) backup Account Support Staff person assigned to the DEPARTMENT for the life of the CONTRACT, who are accountable for and has the authority to:

- 1) Manage the entire range of SERVICES specified in the CONTRACT;
- 2) Respond to DEPARTMENT and PAYROLL CENTER requests and inquiries;
- 3) Provide daily operational support to the DEPARTMENT and PAYROLL CENTERS;
- 4) Implement the DEPARTMENT changes to BENEFIT PROGRAM plan design and procedures;
and,
- 5) Resolve general administrative problems identified by the DEPARTMENT.

The Account Manager or backup must be available for consultation with the DEPARTMENT during the hours of 8:00 a.m. to 4:30 p.m. CST/CDT, Monday through Friday, as required to fulfill the scope of SERVICES specified in the CONTRACT. The Account Manager or backup must provide an initial response to DEPARTMENT requests and inquiries within one (1) BUSINESS DAY. The CONTRACTOR shall resolve DEPARTMENT issues within five (5) BUSINESS DAYS of receipt, unless otherwise approved by the DEPARTMENT.

The CONTRACTOR must have a designated Information Technology contact and a backup Information Technology contact who will have overall responsibility for the information technology aspects of the CONTRACT. The Information Technology contact shall be available for consultation with the DEPARTMENT during the hours of 8:00 a.m. to 4:30 p.m. CST/CDT, Monday through Friday, as required to fulfill the scope of SERVICES specified in the CONTRACT.

The CONTRACTOR shall provide and maintain key, qualified staff at a level that enables the CONTRACTOR to fulfill the requirements of the CONTRACT. The CONTRACTOR shall ensure that all persons, including independent contractors, SUBCONTRACTORS and consultants assigned to perform under the CONTRACT, have the experience and credentials necessary to perform the work required. The CONTRACTOR shall provide the DEPARTMENT with contact information for the key staff, which the DEPARTMENT will share with the PAYROLL CENTERS and EMPLOYERS.

The CONTRACTOR shall notify the DEPARTMENT of an Account Manager change within one (1) BUSINESS DAY, and of a backup or key staff change within three (3) BUSINESS DAYS. The DEPARTMENT reserves the right to deny the CONTRACTOR'S designees.

The CONTRACTOR must provide a central point of contact for employer issues related to the BENEFIT PROGRAM. The CONTRACTOR must acknowledge receipt of the inquiry from the PAYROLL CENTER'S and/or EMPLOYER'S benefit/payroll staff within two (2) BUSINESS DAYS of the inquiry and actively communicate on issue resolution status with the PAYROLL CENTERS and/or EMPLOYER(S).

The CONTRACTOR shall provide onsite staff attendance at the annual IYC EMPLOYER Kick-Off Meeting and other EMPLOYER sponsored meetings, such as health fairs, throughout the State for the annual IT'S YOUR CHOICE OPEN ENROLLMENT period.

The CONTRACTOR will ensure that staff providing SERVICES under the CONTRACT have received comprehensive orientation and ongoing training, understand applicable requirements of the CONTRACT, and are knowledgeable about the DEPARTMENT'S operations and policies.

The CONTRACTOR must participate in meetings as requested by the DEPARTMENT. This may include QUARTERLY coordination meetings with other stakeholders of the BENEFIT PROGRAM. Meetings may be in person or by teleconference/webinar, as determined by the DEPARTMENT.

The CONTRACTOR must not modify any of the SERVICES or program content provided as part of the CONTRACT without prior written approval by the DEPARTMENT Program Manager.

200 PROGRAM REQUIREMENTS

205 Enrollment

CONTRACTOR must participate in the annual IT'S YOUR CHOICE OPEN ENROLLMENT offering. The IT'S YOUR CHOICE OPEN ENROLLMENT period is scheduled for each fall prior to the covered program year. During the IT'S YOUR CHOICE OPEN ENROLLMENT period, the CONTRACTOR will accept any eligible STATE EMPLOYEE under [Wis. Stat. § 40.51 \(16\)](#) who enrolls.

Although the DEPARTMENT is responsible for eligibility determination and enrollment, the CONTRACTOR shall maintain an enrollment and eligibility system to support the BENEFIT PROGRAM.

205A Eligibility, Enrollment, and Contribution File Integrity

The file compare of the DEPARTMENT'S and all the PAYROLL CENTERS' eligibility, enrollment, and CONTRIBUTION files must be fully tested and ready for program operation no later than forty-five (45) CALENDAR DAYS prior to the IT'S YOUR CHOICE OPEN ENROLLMENT period. The file compare of the DEPARTMENT'S and all the PAYROLL CENTERS' enrollment and CONTRIBUTION files must be fully tested and ready for BENEFIT PROGRAM operation no later than thirty (30) CALENDAR DAYS prior to the start of the PLAN YEAR. Also, see Section 145 Data .

The CONTRACTOR shall have flexibility to accommodate the DEPARTMENT'S and all PAYROLL CENTERS' payroll and benefit administration systems upgrades. The DEPARTMENT'S and all the PAYROLL CENTERS' payroll and benefit administration systems will be the systems of record for PARTICIPANT eligibility and enrollment information. Any upgrades to the DEPARTMENT'S and PAYROLL CENTERS' payroll and benefit administration systems may impact the formatting or data fields required for transmitting eligibility, enrollment, and CONTRIBUTION files. In addition, changes may also affect the way in which BENEFIT PROGRAM information is communicated to the CONTRACTOR.

205B Debit Cards

The DEBIT CARD will allow BENEFIT PROGRAM providers and MERCHANTS claims payment at the point-of-sale (POS) transaction. The CONTRACTOR must provide PARTICIPANTS with DEBIT CARD(S) at no cost to the DEPARTMENT or PARTICIPANTS. The CONTRACTOR must provide replacement cards upon request at no cost to the DEPARTMENT or PARTICIPANTS.

The CONTRACTOR shall issue the DEBIT CARD(S) and cardholder agreement within the timeframes described below:

- 1) The CONTRACTOR shall issue DEBIT CARD(S) within five (5) BUSINESS DAYS of the generation date of the enrollment file containing the addition or enrollment change, except as noted in item 2) below.

- 2) For elections made during the IT'S YOUR CHOICE OPEN ENROLLMENT period, the CONTRACTOR shall issue DEBIT CARDS by December 15 for enrollments or changes effective the following January 1, as submitted on enrollment files generated on the first DAY of the IT'S YOUR CHOICE OPEN ENROLLMENT period through December 10.

The CONTACTOR must notify the DEPARTMENT Program Manager of any delays with issuing the DEBIT CARDS. The CONTRACTOR shall send a written confirmation to the DEPARTMENT Program Manager indicating the date(s) the DEBIT CARDS were issued.

CONTRACTOR will monitor DEBIT CARDS daily so as to not allow DEBIT CARD payments for ineligible expenses and in excess of a PARTICIPANT'S annual election. The CONTRACTOR must inform the DEPARTMENT of any payment in excess of the PARTICIPANT'S annual election within five (5) BUSINESS DAYS of the excess POS transaction that was not denied. Information must include PARTICIPANT'S name, annual election, and amount of the excess payment. The CONTRACTOR will reimburse all claim funds erroneously allowed in excess of annual election to the DEPARTMENT.

205C Participant Information

The CONTRACTOR must provide the following information, at a minimum, to PARTICIPANTS upon enrollment:

- 1) A welcome brochure that will include a description of how to:
 - a. Access the BENEFIT PROGRAM account online and the mobile app;
 - b. Update profile information;
 - c. Set-up notifications and direct deposit;
 - d. Review account balances, contributions, and claims;
 - e. Properly use the DEBIT CARD;
 - f. Properly manage the BENEFIT PROGRAM;
 - g. Substantiate a claim;
 - h. Request a reimbursement; and
 - i. Request a DEBIT CARD.
- 2) Information about PARTICIPANT requirements to properly manage their BENEFIT PROGRAM account, including REIMBURSEMENT REQUEST, substantiation, retention of documentation for tax filing purposes, and appeals/grievance procedures.
- 3) The CONTRACTOR'S contact information, including the dedicated toll-free customer service phone number, business hours, and website address.

205D Termination of Coverage

All determination for coverage, effective and termination dates, will be made according to the Plan Document and Summary Plan Description document.

205E Date of Death

The CONTRACTOR shall relay any information received regarding a PARTICIPANT'S death to the DEPARTMENT and appropriate PAYROLL CENTER in a timely manner.

210 Claims Management

The CONTRACTOR shall be responsible for all DEBIT CARD, online account, mobile app, and paper transactions, and for processing REIMBURSEMENT REQUESTS submitted by the PARTICIPANT or on behalf of the PARTICIPANT by a MERCHANT, according to IRS regulations, Plan Document, and BENEFIT PROGRAM coverage parameters. Such transactions shall include eligibility and coverage determination, calculation of eligible expenses, and communication of payment disposition to PARTICIPANTS, and shall be subject to the terms and conditions of this AGREEMENT, including but not limited to the procedures set forth in Section 230 Claims.

In addition to administering claims, the CONTRACTOR, with the consent of the BOARD, shall establish the collateral procedures and services necessary to provide the SERVICES required under BENEFIT PROGRAM in accordance with the CONTRACT, including enrollment and eligibility systems.

215 Benefit Program

215A Overview

The CONTRACTOR must provide the benefits and SERVICES listed in the CONTRACT and BENEFIT PROGRAM Plan Documents to all eligible PARTICIPANTS. Any benefit changes must be implemented as directed by the BOARD. This shall include developing the necessary reporting and/or data transfers needed by the DEPARTMENT, PAYROLL CENTERS, and other vendors to administer the change.

215B Benefit Program Specifications

The CONTRACTOR acknowledges that the DEPARTMENT has provided specifications for the BENEFIT PROGRAM in sufficient detail to permit the CONTRACTOR to reasonably perform its duties under the CONTRACT. However, in the event of any changes to the details of the BENEFIT PROGRAM or, if any future unanticipated circumstances arise, the CONTRACTOR may request a clarification from the DEPARTMENT via the DEPARTMENT program manager.

- 1) Because BOARD changes to the BENEFIT PROGRAM may require programming changes, such changes will be coordinated with the CONTRACTOR to assure timely implementation and minimal disruption of the ongoing BENEFIT PROGRAM. The time required for new BENEFIT PROGRAM changes will generally be as follows:
 - a) Two (2) weeks for changes within the existing BENEFIT PROGRAM structure, which require minimal or no changes to the CONTRACTOR'S claims and/or eligibility processing systems.
 - b) Four (4) to six (6) weeks for changes for which functionality is currently available in the CONTRACTOR'S claims and/or eligibility processing systems, but not utilized within the BENEFIT PROGRAM structure.
 - c) Eight (8) to ten (10) weeks for changes for which functionality needs to be developed in the CONTRACTOR'S claims and/or eligibility processing systems.

- 2) The CONTRACTOR will notify the DEPARTMENT as promptly as reasonably possible following receipt of the request as to the feasibility and timing of the requested change. The CONTRACTOR shall not be responsible for implementing any changes to any previously established BENEFIT PROGRAM information until the CONTRACTOR has confirmed its agreement to and acceptance of implementation of such changes to the BOARD in writing, including a timetable for change implementation.

220 Administration

The CONTRACTOR will adjudicate claims submitted by MERCHANTS in accordance with IRS regulations, the BENEFIT PROGRAM, and MERCHANT agreement with the CONTRACTOR.

225 Merchant Directory

The CONTRACTOR is required to have a current MERCHANT directory, such as an IIAS directory, that is easily accessible on the CONTRACTOR'S website at all times.

230 Claims

230A Claims Administration

With respect to claims for the BENEFIT PROGRAM, the CONTRACTOR shall serve as third-party administrator, providing all necessary SERVICES to administer, process, and pay all BENEFIT PROGRAM claims according to federal and State regulations, and as indicated in the CONTRACT arising under the BENEFIT PROGRAM offered by the BOARD under Wisconsin Statutes Chapter 40.

The CONTRACTOR shall administer claims in accordance with the CONTRACT. The BOARD acknowledges that it has the sole authority to control and administer the BENEFIT PROGRAM and has contracted with the CONTRACTOR for assistance in administering claims.

230B Review of Claims Decisions

The CONTRACTOR shall make claims decisions according to its understanding of IRS regulations and BENEFIT PROGRAM Plan Documents. The CONTRACTOR'S decision to deny a BENEFIT PROGRAM claim, in whole or part, is subject to review only as described in Section 235 Grievances.

230C Claims Processing and Reimbursement

The CONTRACTOR must allow PARTICIPANTS to submit claims via fax, scan and upload to the CONTRACTOR'S website, mobile application, and paper claims through the mail.

The CONTRACTOR will provide reimbursement claim forms for PARTICIPANTS.

The CONTRACTOR will accept claims submitted directly by PARTICIPANTS when such PARTICIPANTS complete and submit a standard claim form provided by the CONTRACTOR and proof of proper documentation. The CONTRACTOR will process such properly submitted claims within three (3) BUSINESS DAYS of receipt of a request for reimbursement. After the claims processing period concludes the CONTRACTOR will produce and issue within two (2) BUSINESS

DAYS: (a) a statement of reimbursement to PARTICIPANTS for allowable claims, together with checks or direct deposit for the agreed upon reimbursement amounts; or (b) requests for information for claims that are ineligible or incomplete; or (c) notification to the PARTICIPANT that the claims decision denied reimbursement of the claim.

The CONTRACTOR must be able to reimburse PARTICIPANTS by direct deposit into the PARTICIPANT'S checking or savings account. The CONTRACTOR must provide an email notification to the PARTICIPANT confirming the deposit of funds for each incidence of reimbursement. If the PARTICIPANT does not have an email address, the CONTRACTOR must provide a mailed notice confirming the deposit of funds for each reimbursement.

DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT claims will be paid by CONTRACTOR to the extent the PARTICIPANT has available funds. Reimbursement payments will be issued to the PARTICIPANTS by check or direct deposit.

If a HEALTH CARE FSA or LPFSA claim is submitted for an amount larger than the account balance, CONTRACTOR shall pay the submitted (and approved) amount up to the projected annual account balance less any previous reimbursements or pay as otherwise required by federal law or regulations.

HEALTH SAVINGS ACCOUNT claims will be paid to the extent the PARTICIPANT has available funds. Reimbursement payment will be issued to the PARTICIPANTS by check or direct deposit.

COMMUTER FRINGE BENEFIT claims will be paid to the extent the PARTICIPANT has available funds. Reimbursement payment will be issued to the PARTICIPANTS by check or direct deposit.

The CONTRACTOR must notify the PARTICIPANT in writing by email each time a claim is submitted incomplete and monthly thereafter. CONTRACTOR shall retain pending claims materials that are awaiting appropriate documentation necessary to adjudicate the claim.

If a BENEFIT PROGRAM claim is paid in error by the CONTRACTOR, the CONTRACTOR shall be responsible for the amounts paid in error.

230D Substantiation

The CONTRACTOR must comply with all IRS regulated substantiation requirements.

The CONTRACTOR'S BENEFIT PROGRAM DEBIT CARD must comply with all IRS regulations.

The CONTRACTOR will require PARTICIPANTS to substantiate all transactions and/or eligible expenses, in accordance with IRS regulations.

BENEFIT PROGRAM claims that are not auto-substantiated will automatically enter into a progressive five-step recovery process. The CONTRACTOR will be required to follow the DEPARTMENT mandated five-step recovery process:

- 1) **Substantiation Notification.** If a claim requires substantiation, the CONTRACTOR will send the PARTICIPANT multiple notices to inform the PARTICIPANT of the

unsubstantiated claim and PARTICIPANT BENEFIT PROGRAM account responsibilities.

- 2) **Claim Denial and Debit Card Deactivation.** If a claim is not substantiated within forty-five (45) DAYS of the first notification, the CONTRACTOR will deny the claim, send denial notification to the PARTICIPANT, and deactivate the PARTICIPANT'S DEBIT CARD.
- 3) **Plan Correction Payroll Withholding.** If a PARTICIPANT fails to repay an unsubstantiated claim or provide necessary documentation by December 31, the CONTRACTOR, DEPARTMENT, and the PAYROLL CENTER, will recover the claim amount through payroll withholding during the PLAN YEAR run-out period (January 1 through March 31).
- 4) **Claim Offset.** A PARTICIPANT is able to substitute the unsubstantiated claim with another eligible expense. The CONTRACTOR will process PARTICIPANT claim offset requests throughout the PLAN YEAR and through the PLAN YEAR run-out period for expenses incurred during the PLAN YEAR.
- 5) **Recovery as Other Business Debt.** A business debt is incurred when a PARTICIPANT fails to resolve an unsubstantiated claim by the end of the PLAN YEAR'S run-out period (March 31). The recovery of other business debts consists of two (2) steps: recovery as other business debit and imputation of income. The CONTRACTOR will provide a final business debt report to the DEPARTMENT at the end of the run-out period. The DEPARTMENT will seek repayment of these business debts to the extent that is consistent with the DEPARTMENT'S collection procedures for other business debts. If the DEPARTMENT'S collection procedures are unsuccessful, the DEPARTMENT will proceed to the final step, which involves imputing taxable income to the PARTICIPANT. Imputation will be facilitated using a Form W-2 in the year in which the debt is forgiven. Income imputation may only take place if all prior steps do not result in the recovery of the unsubstantiated claim generated by the business debt.

235 Grievances

235A Grievance Process Overview

The CONTRACTOR must have an internal grievance process that complies with this AGREEMENT. The CONTRACTOR must submit its grievance procedure, including the DEPARTMENT administrative and external review rights and sample grievance decision letters, for the DEPARTMENT'S review and approval during the implementation process and upon request by the DEPARTMENT.

Any dispute about claims arising under this AGREEMENT shall first be submitted for resolution through the CONTRACTOR'S internal grievance process and may then, if necessary and appropriate, be submitted to the DEPARTMENT for administrative review.

Grievances regarding non-covered services or services excluded from coverage by the BENEFIT PROGRAM shall be handled like any other grievance. Written inquiries received by the CONTRACTOR not related to REIMBURSEMENT REQUEST determinations shall be resolved

by the CONTRACTOR within ten (10) BUSINESS DAYS following the CONTRACTOR'S receipt of the inquiry.

If any PARTICIPANT has a problem or complaint relating to a determination of a REIMBURSEMENT REQUEST, he/she should contact the CONTRACTOR. The CONTRACTOR shall assist the PARTICIPANT in trying to resolve the matter on an informal basis, and may initiate a claim review of the REIMBURSEMENT REQUEST determination. If the PARTICIPANT wishes, he/she may omit this step and immediately file a formal grievance. A claim review is not a substitute for a grievance.

The following provides an overview of the steps in the PARTICIPANT grievance process. Details are provided in Sections 235B – H below.

- 1) REIMBURSEMENT REQUEST review (optional for PARTICIPANT);
- 2) PARTICIPANT notice;
- 3) Investigation and resolution;
- 4) Notification of DEPARTMENT Administrative Review Rights (not all grievances eligible): Administrative review by DEPARTMENT staff, and/or the DEPARTMENT appeals process including filing an appeal with the BOARD, an administrative appeal hearing, consideration of the appeal by the BOARD, right to appeal the BOARD's final decision to circuit court; or,
- 5) Federal external review (not all grievances eligible).

235B Reimbursement Request Review

The CONTRACTOR shall perform a claim review when a PARTICIPANT requests a review of a denied REIMBURSEMENT REQUEST. When a claim review has been completed, the CONTRACTOR shall notify the PARTICIPANT of the decision. If the decision is to uphold the denial of REIMBURSEMENT REQUEST, the CONTRACTOR shall send the PARTICIPANT a written notification as to the specific reason(s) for the continued denial of the REIMBURSEMENT REQUEST and of his/her right to file a grievance.

235C Participant Notice

The CONTRACTOR must provide the PARTICIPANT with notice of their grievance rights and a period of ninety (90) CALENDAR DAYS to file a grievance after written denial of a REIMBURSEMENT REQUEST or other occurrence of the cause of the grievance along with the STATE or federal rules, regulations, and/or statutes or the BENEFIT contractual provision(s) upon which the denial is based.

235D Investigation and Resolution Requirements

Investigation and resolution of any grievance will be initiated by the CONTRACTOR within five (5) DAYS of the date the grievance is filed by the complainant for a timely resolution of the problem.

235E Notification of Department Administrative Review Rights

In the final grievance decision letters, the CONTRACTOR shall inform PARTICIPANTS of their right to request a DEPARTMENT review of the grievance committee's final decision using the language approved by the DEPARTMENT. In all final grievance decision letters, the CONTRACTOR shall cite the specific contractual provision(s), STATE or federal rules, regulations, and/or statutes upon which the CONTRACTOR bases its decision and relies on to support its decision.

In the event the PARTICIPANT disagrees with the grievance committee's final decision, the PARTICIPANT may submit a written request for review to the DEPARTMENT within sixty (60) CALENDAR DAYS of the date of the final grievance decision letter. The DEPARTMENT will review and communicate the outcome of the review to the PARTICIPANT. In the event that the PARTICIPANT disagrees with the outcome, they may file a written request for determination from the DEPARTMENT. The request must be received by the DEPARTMENT within sixty (60) CALENDAR DAYS of the date of the DEPARTMENT'S final review letter.

The determination of the DEPARTMENT is final and not subject to further review unless a timely appeal of the determination by the DEPARTMENT is submitted to the BOARD, as provided by [Wis. Stat. § 40.03 \(6\) \(i\)](#) and [Wis. Adm. Code ETF 11.01 \(3\)](#). However, the DEPARTMENT will not issue a determination regarding denials of REIMBURSEMENT REQUESTS by a CONTRACTOR based on IRS regulations.

Following a determination by the DEPARTMENT, a PARTICIPANT may submit an appeal to the BOARD, as provided by [Wis. Stat. § 40.03 \(6\) \(i\)](#) and [Wis. Adm. Code ETF 11.01 \(3\)](#). This process includes an administrative hearing. The CONTRACTOR shall, upon the DEPARTMENT'S request, participate in all administrative hearings requested by PARTICIPANTS or the CONTRACTOR, as determined by the DEPARTMENT. The hearings shall be conducted in accordance with guidelines and rules and regulations promulgated by the DEPARTMENT.

BOARD decisions can only be further reviewed as provided by [Wis. Stat. § 40.08 \(12\)](#) and [Wis. Adm. Code ETF 11.15](#).

235F Provision of Complaint Information

All information and documentation pertinent to any decisions or actions taken regarding any PARTICIPANT complaint or grievance by a CONTRACTOR shall be made available to the DEPARTMENT upon request. If an authorization from the PARTICIPANT is necessary, the CONTRACTOR shall cooperate in obtaining the authorization and shall accept the DEPARTMENT'S form that complies with all applicable laws regarding patient privacy. Information may include complete copies of grievance files, medical records, consultant reports, customer service contact worksheets or any other documentation the DEPARTMENT deems necessary to review a PARTICIPANT complaint, resolve disputes or to formulate determinations. Such information must be provided at no charge within fifteen (15) DAYS, or by an earlier date as requested by the DEPARTMENT.

235G Department Request for Grievance

The DEPARTMENT may require the CONTRACTOR to treat and process a complaint received by the DEPARTMENT as a grievance and the DEPARTMENT will forward the complaint to the CONTRACTOR on behalf of the PARTICIPANT. The CONTRACTOR shall process the complaint as a grievance in compliance with the BENEFIT PROGRAM'S provisions regarding a formal grievance.

235H Notification of Legal Action

If a PARTICIPANT files a lawsuit naming the CONTRACTOR as a defendant, the CONTRACTOR must notify the DEPARTMENT'S chief legal counsel within ten (10) BUSINESS DAYS of notification of the legal action. This requirement does not extend to cases of subrogation.

235I Compliance with Departmental Determination

If the DEPARTMENT'S determination overturns a CONTRACTOR'S decision on a PARTICIPANT'S grievance, the CONTRACTOR shall comply with the determination within ninety (90) CALENDAR DAYS of the date of the determination. As used in this section, "comply" means to take action as directed in the departmental determination within ninety (90) CALENDAR DAYS. Failure to either comply within ninety (90) CALENDAR DAYS will result in penalties as described in Section 315 Performance Standards.

240 Cancellation of Participant Coverage

HEALTH CARE FSA and LPFSA coverage terminates at the end of the month of the EMPLOYEE'S last BENEFIT PROGRAM payroll CONTRIBUTION after the notice of cancellation of coverage is received by the EMPLOYER (for EMPLOYEES), or by the DEPARTMENT (CONTINUANTS), upon date of death, or a later date as specified on the cancellation of coverage notice.

DEPENDENT DAY CARE FSA coverage terminates at the end of the PLAN YEAR in which a notice of cancellation of coverage is received by the EMPLOYER, upon date of death, or a later date as specified on the cancellation of coverage notice.

HEALTH SAVINGS ACCOUNT coverage terminates at the end of the month in which a notice of cancellation of coverage is received by the EMPLOYER (for EMPLOYEES), or by the DEPARTMENT (CONTINUANTS or RETIREE), upon date of death, or a later date as specified on the cancellation of coverage notice.

COMMUTER FRINGE BENEFIT coverage terminates at the end of the month in which a notice of cancellation of coverage is received by the EMPLOYER (for EMPLOYEES), EMPLOYEE termination of employment date, or upon date of death.

If the PARTICIPANT or CONTINUANT contacts the CONTRACTOR directly to cancel coverage, the CONTRACTOR is to reject the cancellation and immediately notify the PARTICIPANT, or CONTINUANT to submit a written cancellation notice to the applicable PAYROLL CENTER or the DEPARTMENT.

245 Direct Pay Contribution

The CONTRACTOR that participates in the HEALTH SAVINGS ACCOUNT BENEFIT PROGRAM must be able collect direct pay CONTRIBUTIONS as identified by the DEPARTMENT.

250 Continuation

250A Right to Continue Coverage

A PARTICIPANT who ceases to meet the definition of EMPLOYEE may elect to continue coverage as required by STATE and federal law. Applications to continue coverage must be postmarked within sixty (60) CALENDAR DAYS of the date the PARTICIPANT is notified of the right to continue or sixty (60) CALENDAR DAYS from the date coverage ceases, whichever is later.

250B Participant Nonpayment of Contributions

A PARTICIPANT who ceases to be eligible for benefits may elect to continue coverage for benefits eligible under COBRA, except in the following circumstances:

- 1) When coverage is canceled;
- 2) When CONTRIBUTIONS are not paid when due; or
- 3) When coverage is terminated as permitted by STATE or federal law.

As required by federal law, if timely payment is made in an amount that is not significantly less than the amount due, that amount is deemed to satisfy the requirement for the amount due. However, the DEPARTMENT may notify the PARTICIPANT of the amount of the deficiency and grant a reasonable time period for payment of that amount. A reasonable time period is considered thirty (30) CALENDAR DAYS after the notice is given.

255 Miscellaneous Program Requirements

255A Customer Service

The CONTRACTOR shall operate a dedicated customer service department for the BENEFIT PROGRAM between 7:30 a.m. and 5:00 p.m., CST/CDT Monday through Friday at a minimum, except for legal holidays. The CONTRACTOR will also have a sufficient number of customer service representatives available to PARTICIPANTS between 7:30 a.m. and 5:00 p.m., CST/CDT Monday through Friday at a minimum, excluding some holidays, via a dedicated, toll-free customer service call center. PARTICIPANTS must also be able to submit questions using e-mail and/or via a website. The call center must be equipped with Telephone Device for the Deaf (TDD) in order to serve the hearing-impaired population. Calls and correspondence to customer services representatives shall be tracked, documented, recorded, and retrieved when necessary by name or the PARTICIPANT'S identification number.

The CONTRACTOR must have a dedicated toll free number for the BENEFIT PROGRAM and have customer service staff who are sufficiently trained to respond appropriately to PARTICIPANT inquiries, correspondence, complaints, and issues. The dedicated toll free number must not have more than two (2) menu prompts to reach a live person.

The CONTRACTOR'S customer service staff must be able to respond to PARTICIPANTS' questions, including but not limited to: plan design, account management, eligibility, account balances, contribution limits, claim status, claim REIMBURSEMENT REQUEST process, substantiation process, account access, mobile application, and grievance procedures.

The CONTRACTOR shall notify the DEPARTMENT Program Manager of any disruption in customer service availability or toll-free access regardless of reason for disruption, within one (1) hour of realization that a problem exists.

The CONTRACTOR must monitor and report to the DEPARTMENT the performance standards for the BENEFIT PROGRAM that include call answer timeliness and call abandonment rate. Targets for the customer service performance standards and associated penalties are specified in Section 315B and are based on the dedicated toll free number for the BENEFIT PROGRAM.

The CONTRACTOR must have a customer service inquiry system for inquiries received by phone and email and/or website. The system must maintain a history of inquiries for performance management, quality management and audit purposes. Related correspondence and calls shall be indexed and properly recorded to allow for reporting and analysis based on a distinct transaction.

The system must track and log, at a minimum, the following detail:

- 1) The PARTICIPANT'S identifying information;
- 2) The date and time the inquiry was received;
- 3) The reason for the inquiry (including a reason code using a coding scheme);
- 4) The origin of the transaction (e.g., inbound call, the DEPARTMENT, EMPLOYER group);
- 5) The representative that handled the inquiry;
- 6) For phone inquiries, the length of call; and,
- 7) The resolution of the inquiry (including a resolution code using a coding scheme).

At the DEPARTMENT'S request, the CONTRACTOR must provide the policies and procedures related to the operation of the customer service department. The DEPARTMENT reserves the right to require changes to the policies and procedures that directly impact PARTICIPANTS.

The CONTRACTOR must have and implement procedures for monitoring and ensuring the quality of SERVICES provided by its customer service representatives. At least five (5%) percent each month of all PARTICIPANT inquiries made by each submission type (e.g. phone, email, website) must be audited by the CONTRACTOR'S management staff (e.g. lead worker, supervisor, manager) to ensure accurate information was given to PARTICIPANTS and appropriate coaching and training is given to customer service representatives who failed to accurately respond to

PARTICIPANTS. The CONTRACTOR must provide a summary of the audit results to the DEPARTMENT on a QUARTERLY basis.

The CONTRACTOR must respond directly to PARTICIPANTS upon the DEPARTMENT'S request. For matters designated as urgent by the DEPARTMENT, the CONTRACTOR must contact the PARTICIPANT within one (1) BUSINESS DAY of receiving a request from the DEPARTMENT and actively communicate to the DEPARTMENT'S Program Manager or designee on issue resolution status until the issue is resolved.

255B Contractor Web Content and Web-Portal

The CONTRACTOR must provide dedicated web content and a web-portal as part of the CONTRACT. Web content will provide basic program information. The web-portal will be used to present and track PARTICIPANT level information, such as claim status and account balance.

- 1) The CONTRACTOR must host and maintain customized web pages and a web-portal dedicated to PARTICIPANTS of the BENEFIT PROGRAM.
 - a) The CONTRACTOR must submit the web content and web-portal design for review as directed by the DEPARTMENT.
 - b) The DEPARTMENT must approve the content prior to publishing.
 - c) The web-portal must be available via the three (3) most recent versions of each of the popular browsers available in the market which include Internet Explorer, Mozilla Firefox, Chrome and Safari.
 - d) The web-portal must be simple, intuitive and easy to use and navigate.
 - e) The web-portal must be able to render effectively on any form factor for mobile devices which include smartphones and tablets.
 - f) The website and web-portal must have mobile capabilities. At a minimum, the mobile capabilities must allow the PARTICIPANT to access account management information.
 - g) The website must ensure response time averaging two (2) seconds or better, and never more than a three (3) second response time, from the time the CONTRACTOR receives the request to the time the response is sent, for all on-line activities. Response time is defined as the amount of time between pressing the "return" or "enter" key or depressing a mouse button and receiving a data-driven response on the screen, i.e., not just a message or indicator that a response is forthcoming.
 - h) The solution must use SSL/TLS for end-to-end encryption for all connections between the user devices and the portal with the use of browsers or smartphone applications (apps).
 - i) The web-portal must be SECURED with a minimum of SHA2-256 bit EV certificates to provide the latest in encryption and cryptography.

- j) The portal must disable SSL/TLS negotiations which are using non-SECURE protocols and weak ciphers.
 - k) The CONTRACTOR must provide the DEPARTMENT reports on the current security safeguards enabled for the website and web-portal upon the DEPARTMENT'S request.
 - l) After the initial website and web-portal implementation, the CONTRACTOR must grant the DEPARTMENT access to the website and web-portal test environment for the DEPARTMENT'S review and approval no less than thirty (30) CALENDAR DAYS prior to the subsequent annual launch dates for each, and for each new major iteration of the website and web-portal. No less than fourteen (14) CALENDAR DAYS prior to the annual launch dates for each, the CONTRACTOR must have final content and functionality completed, as determined by the DEPARTMENT.
 - m) Prior to any launch of the CONTRACTOR website or web-portal, the CONTRACTOR must test the accessibility of the website and web-portal on multiple web browsers and from multiple internet carriers to ensure system capability.
 - n) The CONTRACTOR must submit to the DEPARTMENT for review and approval the updated website content for the upcoming IT'S YOUR CHOICE OPEN ENROLLMENT period. The DEPARTMENT will annually communicate the due date for this submission. Upon DEPARTMENT approval, CONTRACTOR shall update and launch the website content at least fourteen (14) CALENDAR DAYS prior to the annual IT'S YOUR CHOICE OPEN ENROLLMENT period.
 - o) The CONTRACTOR must obtain prior approval from the DEPARTMENT Program Manager for the inclusion of any links from the website or web-portal to an external (governmental and non-governmental) website/portal or webpage.
 - p) The CONTRACTOR will notify the DEPARTMENT Program Manager of any substantial changes being made to the website prior to implementation.
- 2) Basic information must be available on the CONTRACTOR'S website without requiring log in credentials, including:
- a) General information about the BENEFIT PROGRAM;
 - b) Ability for PARTICIPANTS to access BENEFIT PROGRAM forms;
 - c) Directions on how to access the BENEFIT PROGRAM MERCHANT directory;
 - d) Information about PARTICIPANT requirements, including proper account management, documentation retention for tax filing purposes, and substantiation;
 - e) Ability for PARTICIPANTS to access the BENEFIT PROGRAM eligible expense list;

- f) Ability for PARTICIPANTS to submit questions via the website; and,
 - g) Contact information including the dedicated toll-free customer service phone number, business hours, and mailing address.
- 3) To ensure accessibility among persons with a disability, the CONTRACTOR'S website must comply with Section 508 of the Rehabilitation Act of 1973 (29 USC Section 794d) and implementing regulations at 36 CFR 1194 Subparts A-D. The website must also conform to W3C's Web Content Accessibility Guidelines (WCAG) 2.0 (see <http://www.w3.org/TR/WCAG20/>).
- 4) The website must be hosted in a SECURE data center with system monitoring, managed firewall services and managed backup services within the United States and available twenty-four (24) hours a day, seven (7) days a week, except for regularly scheduled maintenance.

The data center network shall include robust firewall, intrusion prevention and intrusion detection systems to prevent and detect unauthorized access. Any scheduled maintenance must occur between the hours of midnight and 5:00 a.m. CST/CDT or another time agreed to by the DEPARTMENT Program Manager and must be scheduled in advance with a notification on the BENEFIT PROGRAM website and web-portal. The web-portal must be available at least ninety-nine percent (99%) of the time, including scheduled maintenance. Unscheduled disruption to the availability of the website or web-portal must be communicated to the DEPARTMENT Program Manager within one (1) hour of realization that a problem occurred.

The CONTRACTOR must have a regular patch management process defined for the website and web-portal infrastructure. The CONTRACTOR must have a defined maintenance time window for system patches, software upgrades. Outages in the system must be communicated through the web-portal or via alerts.

- 5) The CONTRACTOR must be able to link user profiles and site access permissions to the daily enrollment file provided by the PAYROLL CENTERS and/or DEPARTMENT and make updates based on current enrollment within three (3) BUSINESS DAYS of data receipt. The CONTRACTOR may utilize another process for validation if the process is pre-approved by the DEPARTMENT.
- 6) The CONTRACTOR must have web-portal content and functionality updated, tested and approved by the DEPARTMENT Program Manager or designee at least fourteen (14) CALENDAR DAYS prior to the benefit period start date. The web-portal will SECURELY authenticate the user. After the user is authenticated, all web-portal features must be available without the need for an additional login. Available features must include:
- a) User name and password creation and recovery;

- b) Enrollment confirmation;
- c) SECURE upload functionality for submitting program required documentation; and,
- d) Communication functions that allow users to submit SECURE questions to the CONTRACTOR and allow the CONTRACTOR to push general and targeted communications to users via USPS, e-mail, text and other standard communication vehicles, as requested by the DEPARTMENT.

255C Participant Rights and Responsibilities

The CONTRACTOR shall comply with and abide by the PARTICIPANT'S Rights and Responsibilities as provided in the DEPARTMENT'S IYC materials. CONTRACTORS that have their own PARTICIPANT'S Rights and Responsibilities may use them unless there is a conflict. In this case the PARTICIPANT'S Rights and Responsibilities which are more favorable to the PARTICIPANT will apply.

255D Errors

Clerical errors made by the EMPLOYER or PAYROLL CENTER, the DEPARTMENT, or the CONTRACTOR shall not invalidate benefits of a PARTICIPANT otherwise validly in force, nor continue such benefits otherwise validly terminated, nor create eligibility for any benefits where none otherwise existed under the BENEFIT PROGRAM.

255E Contractor or Subcontractor Errors

If the CONTRACTOR or SUBCONTRACTOR sends erroneous or misleading information to PARTICIPANTS, the DEPARTMENT may require the CONTRACTOR to send a corrected mailing at the cost of the CONTRACTOR to inform PARTICIPANTS.

255F Examination of Records

The DEPARTMENT, or its designee, shall have the right to examine any records of the CONTRACTOR relating to the BENEFIT PROGRAM in compliance with [Wis. Stat. § 40.07](#) and any applicable federal or other STATE laws and rules. The information shall be furnished within ten (10) CALENDAR DAYS of the request or as directed by the DEPARTMENT. All such information is the sole property of the DEPARTMENT.

Upon a showing satisfactory to the BOARD that the CONTRACTOR is required by law to maintain a copy of such information, the DEPARTMENT and the CONTRACTOR shall agree to terms, conditions and provisions permitting the CONTRACTOR to maintain information to the minimum extent and for the minimum time required by law. Any such agreement shall require the CONTRACTOR to:

- 1) Keep confidential and properly safeguard each "record" and all INDIVIDUAL PERSONAL INFORMATION, as those terms are respectively defined in [Wis. Admin. Code ETF 10.01 \(3m\)](#) and [ETF 10.70 \(1\)](#), that are included in such information;
- 2) Not make any disclosure of such information without providing advance notice to the DEPARTMENT; and,

- 3) Include a liability clause for damages in the event the CONTRACTOR makes any disclosure of personal information or any record that would violate [Wis. Stat. § 40.07 \(1\) or \(2\)](#), respectively, if the disclosure was made by the DEPARTMENT.

255G Record Retention

The CONTRACTOR agrees that the BOARD, until the expiration of seven (7) years after the termination of the CONTRACT, and any extensions, shall have access to and the right to examine any of the CONTRACTOR'S pertinent books, financial records, documents, papers, and records and those of any parent, affiliate, or subsidiary organization performing under formal or informal arrangement any service or furnishing any supplies or equipment to the CONTRACTOR involving transactions related to this AGREEMENT.

Any records that relate to: (1) litigation or settlement of claims arising out of the performance of this AGREEMENT; or (2) costs or expenses related to this AGREEMENT with which exception is taken by litigation, claims, or exceptions must be retained for seven (7) years after the conclusion of the litigation, regardless of the termination date of the CONTRACT.

The CONTRACTOR further agrees that the substance of this clause shall be inserted in any subcontract that the CONTRACTOR enters into with any SUBCONTRACTOR to carry out any of the CONTRACTOR'S obligations under this AGREEMENT.

255H Disaster Recovery and Business Continuity

The CONTRACTOR shall ensure that critical PARTICIPANT, DEBIT CARD, and other web accessible and/or telephone-based functionality and information, including the website, are available to the applicable system users, except during periods of scheduled system unavailability agreed upon by the DEPARTMENT and the CONTRACTOR. Unavailability caused by events outside of the CONTRACTOR'S span of control is outside of the scope of this requirement. Any scheduled maintenance shall be scheduled in advance with notification on the PARTICIPANT website and web-portal.

255I Gifts and/or Kickbacks Prohibited

No gifts from the CONTRACTOR or any of the CONTRACTOR'S SUBCONTRACTORS are permissible to any EMPLOYEES whose work relates to the BENEFIT PROGRAMS, or members of the BOARD. Neither the CONTRACTOR nor any of its SUBCONTRACTORS shall request or receive kickbacks.

300 DELIVERABLES

305 Reporting Requirements

As required by the CONTRACT, the CONTRACTOR must submit reports to the DEPARTMENT and/or PAYROLL CENTERS. Reports must be submitted by SECURE email, the sFTP site, or other method as specified by the DEPARTMENT, in the format and timeframe specified by the DEPARTMENT. The DEPARTMENT reserves the right to modify reporting requirements as deemed necessary to monitor the CONTRACT and BENEFIT PROGRAM.

Each report submitted by the CONTRACTOR to the DEPARTMENT and/or PAYROLL CENTERS must:

- Be verified by the CONTRACTOR for accuracy and completeness prior to submission;
- Be delivered on or before scheduled due dates;
- Be submitted as directed by the DEPARTMENT;
- Fully disclose all required information in a manner that is responsive and with no material omission; and
- Be accompanied by a brief narrative that describes the content of the report and highlights significant findings of the report.

Instructions and specific due dates will be provided by the DEPARTMENT annually.

Unless otherwise requested by the DEPARTMENT, each report must be specific to data from the State of Wisconsin BENEFIT PROGRAM, not general data from the CONTRACTOR'S book of business.

1) Claims Invoicing	
Description	The CONTRACTOR notifies the DEPARTMENT twice monthly during the term of the CONTRACT and informs the DEPARTMENT in writing by submission of an invoice showing the amount due from the DEPARTMENT to the CONTRACTOR. See Section 130A, 1, b. (1) . <ul style="list-style-type: none"> - Cycle I: Encompasses claims processed CALENDAR DAY one (1) through CALENDAR DAY fifteen (15). CONTRACTOR will electronically send an invoice to DEPARTMENT two (2) BUSINESS DAYS after the end of the cycle. - Cycle II: Encompasses claims processed CALENDAR DAY sixteen (16) through the last CALENDAR DAY of the month. CONTRACTOR will electronically send an invoice to DEPARTMENT two (2) BUSINESS DAYS after the end of the cycle.
Frequency	Semi-Monthly
Penalty	Twenty-five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
2) Administrative Fee Invoicing	
Description	The CONTRACTOR notifies the DEPARTMENT monthly during the term of the CONTRACT and informs the DEPARTMENT in writing by submission of an invoice showing the amount due from the DEPARTMENT to the CONTRACTOR. (See Section 130A, 2, b. (1) .)

	<ul style="list-style-type: none"> Each cycle consists of one month, always ending on the last CALENDAR DAY of the month. The CONTRACTOR will electronically send an invoice to the DEPARTMENT ten (10) BUSINESS DAYS after the end of the cycle.
Frequency	Monthly
Penalty	Twenty-five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
3) Other Fee Invoicing	
Description	<p>The CONTRACTOR notifies the DEPARTMENT monthly during the term of the CONTRACT and informs the DEPARTMENT in writing by submission of an invoice showing the amount due from the DEPARTMENT to the CONTRACTOR. (See Section 130A, 2, b. (2).)</p> <ul style="list-style-type: none"> Each cycle consists of one month, always ending on the last CALENDAR DAY of the month. The CONTRACTOR will electronically send an invoice to the DEPARTMENT ten (10) BUSINESS DAYS after the end of the cycle.
Frequency	Monthly
Penalty	Twenty-five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
4) Bank Reconciliation Report	
Description	The CONTRACTOR shall perform a monthly reconciliation and provide it to the DEPARTMENT within twenty (20) CALENDAR DAYS following the last day of each month. (See Section 130A, 3, b.)
Frequency	Monthly
Penalty	Twenty-five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
5) Claims Invoice Reconciliation Report	
Description	The CONTRACTOR submits a claims invoice reconciliation report each month for the prior month. The report reconciles the semi-monthly claims invoice into a monthly report that will match the claims data reported each month. (See Section 130A, 3, c.)
Frequency	Monthly
Penalty	Twenty-five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
6) Performance Standards Reports	
Description	The CONTRACTOR submits all data and reports as required to measure performance standards specified in Section 315.
Frequency	Quarterly, unless otherwise noted.
Penalty	Twenty-five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
7) Customer Service Inquiry Report	
Description	The CONTRACTOR must submit a report by month for a rolling twelve (12) month period showing the volume and type of inquiry with a break-down by topic. The report must include a comparison of the same month of the previous calendar year and illustrate trends. (See Section 255A.)
Frequency	Monthly

Penalty	Twenty–five hundred (\$2,500) dollars per report or deliverable for which the standard is not met
8) Business Recovery Plan and Simulation Report	
Description	The CONTRACTOR submits to the DEPARTMENT a business recovery plan that is documented and tested annually, at a minimum. <i>(See Section 140, 5.)</i>
Frequency	Annually
Penalty	Twenty–five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
9) Fraud and Abuse Review Results	
Description	The CONTRACTOR performs QUARTERLY (unless another timeframe is agreed upon by the DEPARTMENT) fraud and abuse reviews and provides results of material findings to the DEPARTMENT. <i>(See Section 150F.)</i>
Frequency	Quarterly
Penalty	Twenty–five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
10) State of Standard for Attestation Engagements (SSAE) 16 Report	
Description	The CONTRACTOR agrees to an audit conducted by an independent CPA firm at the CONTRACTOR'S expense that is in accordance with the SSAE 16 and provides a copy of the CPA's report to the DEPARTMENT. <i>(See Section 150E and Department Terms and Conditions.)</i>
Frequency	Annually
Penalty	Twenty–five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.
11) Non-discrimination Testing Results Report	
Description	The CONTRACTOR performs annual non-discrimination testing and submits the results to the DEPARTMENT. <i>(See Section 150D.)</i>
Frequency	Annually
Penalty	Twenty–five hundred (\$2,500) dollars per DAY per report or deliverable for which the standard is not met.
12) Financial and Utilization Data Submission	
Description	The CONTRACTOR submits to the DEPARTMENT or its designee, as required by the DEPARTMENT, statistical report(s) showing financial and utilization data that includes claims and enrollment information. <i>(See Sections 115,7.)</i>
Frequency	Annually
Penalty	Twenty–five hundred (\$2,500) dollars per report or deliverable for which the standard is not met.

310 Deliverables

As required by the CONTRACT, the CONTRACTOR must provide deliverables specified in the sections below. Repeated or habitual failure to meet the deadlines as established may impact the CONTRACTOR'S ability to participate in the BENEFIT PROGRAM in future years.

310A Deliverables to the Department

Instructions on submitting the deliverable and specific due dates will be provided by the DEPARTMENT annually.

1) Debit Card Issuance Delays	
Description	The CONTRACTOR notifies the DEPARTMENT Program Manager of any delays with issuing the DEBIT CARDS. (See Section 205B.)
Due	Upon identification of issue.
2) Debit Card Confirmation	
Description	The CONTRACTOR sends a written confirmation to the DEPARTMENT Program Manager indicating the date(s) the DEBIT CARDS were issued. (See Section 205B.)
Due	January
3) Key Contacts Listing	
Description	The CONTRACTOR provides the DEPARTMENT with contact information for key CONTRACTOR staff, which the DEPARTMENT will share with EMPLOYERS. (See Section 150K.)
Due	April, August
4) Implementation Plan	
Description	The CONTRACTOR submits an updated implementation plan in a mutually agreed upon format and timeline to the DEPARTMENT Program Manager or designee. (See Section 150H.)
Due	Within ten (10) DAYS of execution of the CONTRACT
5) Fraud and Abuse Review Plan	
Description	The CONTRACTOR submits a fraud and abuse review plan to the DEPARTMENT. (See Section 150F.)
Due	Within thirty (30) CALENDAR DAYS of execution of the CONTRACT. Annually thereafter.
6) It's Your Choice Information	
Description	The CONTRACTOR submits the following information to the DEPARTMENT, in the format as determined by the DEPARTMENT, for inclusion in the communications from the DEPARTMENT for the IT'S YOUR CHOICE OPEN ENROLLMENT period: <ul style="list-style-type: none"> • CONTRACTOR information, including address, toll-free customer service telephone number, and web site address. • CONTRACTOR'S content to be included on the DEPARTMENT'S informational webpages. • Information for PARTICIPANTS to access the CONTRACTOR'S MERCHANT directory on its web site, including a link to the MERCHANT directory. (See Section 135B.)
Due	July
7) It's Your Choice Informational Materials Review	
Description	The CONTRACTOR submits all informational materials intended for distribution to PARTICIPANTS during the IT'S YOUR CHOICE OPEN ENROLLMENT period to the DEPARTMENT for review and approval. (See Section 135B.)
Due	July
8) Copies of Materials	

Description	The CONTRACTOR submits three (3) hard copies of all IT'S YOUR CHOICE OPEN ENROLLMENT materials in final form to the DEPARTMENT at least two (2) weeks prior to the start of the IT'S YOUR CHOICE OPEN ENROLLMENT period. (See <i>Section 135B.</i>)
Due	September
9) Merchant Directory	
Description	The CONTRACTOR annually submits its MERCHANT Directory for the upcoming benefit period to the DEPARTMENT. (See <i>Section 225.</i>)
Due	September
10) It's Your Choice Informational Participant Outreach	
Description	The CONTRACTOR submits the notice that it will be issuing to PARTICIPANTS enrolled in the BENEFIT PROGRAM prior to the IT'S YOUR CHOICE OPEN ENROLLMENT period to remind PARTICIPANTS to enroll and identifying any BENEFIT PROGRAM changes. (See <i>Section 135B.</i>)
Due	September
11) Enrollment Reconciliation Audit	
Description	The CONTRACTOR will complete an enrollment verification audit comparing the PAYROLL CENTERS' program enrollment report to the CONTRACTOR'S enrollment record for the STATE. (See <i>Section 145D.</i>)
Due	Quarterly
12) Web Content and Web-Portal Design and Changes	
Description	The CONTRACTOR submits the web content and web-portal design for review, as directed by the DEPARTMENT. The CONTRACTOR notifies the DEPARTMENT Program Manager of any substantial changes being made to the website prior to implementation. (See <i>Section 255B.</i>)
Due	As directed by the DEPARTMENT.
13) Major Administrative and Operative System Changes	
Description	The CONTRACTOR submits written notice to the DEPARTMENT at least one hundred eighty (180) DAYS prior to undertaking a major system change or conversion for, or related to, the system used to deliver SERVICES for the BENEFIT PROGRAM. (See <i>Section 140.</i>)
Due	As needed.
14) Notification of Account Manager or Key Staff Changes	
Description	The CONTRACTOR notifies the DEPARTMENT if the Account Manager, backup or key staff changes. (See <i>Section 150K.</i>)
Due	As needed.
15) Notification of Legal Action	
Description	If a PARTICIPANT files a lawsuit naming the CONTRACTOR as a defendant, the CONTRACTOR notifies the DEPARTMENT'S chief legal counsel within ten (10) BUSINESS DAYS of notification of the legal action. (See <i>Section 235H.</i>)
Due	As needed.
16) Notification of Privacy Breach	
Description	The CONTRACTOR notifies the DEPARTMENT Program Manager and Privacy Officer within one (1) BUSINESS DAY of discovering that the PROTECTED HEALTH

	INFORMATION (PHI) and/or PERSONALLY IDENTIFIABLE INFORMATION (PII) of one (1) or more PARTICIPANTS may have been breached, or has been breached, as defined by state and federal law, including Wis. Stat. § 134.98 , HIPAA, and GINA. (See Section 150G and Department Terms and Conditions.)
Due	As needed.
17) Notification of Significant Events	
Description	The CONTRACTOR provides notification of all significant events as described in Section 115, 10.
Due	As needed.
18) Recovery of Claims Overpayment	
Description	The CONTRACTOR notifies the DEPARTMENT of each uncollectible overpayment within thirty (30) CALENDAR DAYS following the CONTRACTOR'S determination that such overpayment is uncollectible after using such recovery and collection procedures. (See Section 130C.)
Due	As needed.
19) Transition Plan	
Description	The CONTRACTOR provides a comprehensive transition plan in a mutually agreed upon format that provides a timeline of major tasks and activities, including those identified by the DEPARTMENT. (See Section 150J.)
Due	During the implementation period, upon DEPARTMENT request, and prior to CONTRACT termination.
20) Approval of Communications	
Description	Communication materials specified by the DEPARTMENT shall be pre-approved by the DEPARTMENT prior to distribution to PARTICIPANTS, potential PARTICIPANTS, and EMPLOYERS of the BENEFIT PROGRAM. This includes written and electronic communication, such as marketing collateral, informational notices, standard letters, Plan Documents, Summary Plan Descriptions, claim denials and appeals. (See Sections 135B.)
Due	As needed.
21) Benefit Program Plan Documentation	
Description	The CONTRACTOR provides the DEPARTMENT a compliant and comprehensive SECTION 125 CAFETERIA PLAN Plan Document and any pertinent Summary Plan Description(s) prior to the start of each PLAN YEAR and prior to the effective date of any applicable plan change that would necessitate a Plan Document amendment or edited restatement. (See Section 150C.)
Due	As needed. At least annually.

310B Deliverables to Participants

1) DEBIT CARDS	
Description	The CONTRACTOR provides PARTICIPANTS with DEBIT CARDS within five (5) BUSINESS DAYS of generation of the enrollment file. (See Section 205B.)
Due	Upon enrollment.

2) PARTICIPANT Enrollment Information	
Description	The CONTRACTOR provides the following information, at a minimum, to PARTICIPANTS upon enrollment: <ul style="list-style-type: none"> Information about accessing online account and mobile app. Directions on updating profile information, view account balance(s), check claim status, set-up direct deposit, substantiate a claim, request a reimbursement, request a DEBIT CARD. Information about how to properly manage account and PARTICIPANT responsibilities. The CONTRACTOR'S contact information, including the dedicated toll-free customer service phone number, business hours, and website address. (See Section 205C.)
Due	Upon enrollment.
5) PARTICIPANT Notification of Grievance Rights	
Description	The CONTRACTOR provides the PARTICIPANT with notice of their grievance rights and a period of ninety (90) DAYS to file a grievance after written denial of a BENEFIT or other occurrence of the cause of the grievance along with the benefit contractual provision(s) upon which the denial is based. (See Section 235C.)
Due	See description.
6) PARTICIPANT Notification of DEPARTMENT Administrative Review Rights	
Description	In the final grievance decision letter, the CONTRACTOR informs the PARTICIPANT of their right to request a DEPARTMENT review of the grievance committee's final decision, using the language approved by the DEPARTMENT. (See Section 235E.)
Due	See description.

315 Performance Standards and Penalties

Performance standards are specific to data from the BENEFIT PROGRAM, not general data from the CONTRACTOR'S book-of-business. The CONTRACTOR must track performance using a template provided by the DEPARTMENT. The CONTRACTOR must submit reports and supporting documentation for validation as mutually agreed upon with the DEPARTMENT. The CONTRACTOR shall notify the DEPARTMENT upon realization that a standard will not be met, prior to the deadline.

Performance standards will be measured by the DEPARTMENT on a QUARTERLY basis. The DEPARTMENT reserves the right to waive a penalty in certain circumstances when the DEPARTMENT determines it is warranted. The performance categories and associated penalty are shown below and explained in greater detail in the tables that follow:

315A Claims Processing

The CONTRACTOR shall report monthly values on a QUARTERLY basis for these standards.

Performance Standards	Penalties
1) Processing Accuracy: At least ninety-nine percent (99%) level of processing accuracy. Processing accuracy means all claims are processed correctly in every respect, financial and technical (e.g., according to federal	Two thousand (\$2,000) dollars for each percentage point for

Performance Standards	Penalties
and STATE regulations, proper substantiation, coverage period, system, procedural, etc.), divided by total claims processed. (See Section 230.)	which the standard is not met in each month.
2) Financial Accuracy: At least ninety-nine (99%) percent level of financial accuracy. Financial accuracy means the claim dollars paid in the correct amount divided by the total claim dollars paid. (See Section 230).	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month.
3) Claims Processing Time: At least ninety-nine percent (99%) of all claims received must be processed within three (3) BUSINESS DAYS of receipt of all necessary information. (See Section 230.)	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month.
4) Claims Processing System Availability: At least ninety-nine percent (99%) of the time the claims processing system is available for adjudication of DEBIT CARD claims and online claims submitted by PARTICIPANTS and MERCHANTS. This includes downtime for system maintenance.	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month.
5) PARTICIPANT Reimbursement: At least ninety-nine percent (99%) of PARTICIPANT reimbursement will be released via check or direct deposit within two (2) BUSINESS DAYS from the claims processing date. (See 230C.)	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month.

315B Customer Service

The CONTRACTOR shall report monthly values on a QUARTERLY basis for these standards.

Performance Standards	Penalties
1) Call Answer Timeliness: At least eighty percent (80%) of calls received by the CONTRACTOR'S customer service (during operating hours) during the measurement period were answered by a live voice within thirty (30) seconds. (See Section 255A.)	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month)
2) Call Abandonment Rate: Less than five percent (5%) of calls abandoned, measured by the number of total calls that are not answered by customer service (caller hangs up before answer) divided by the number of total calls received. (See Section 255A.)	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month)
3) Open Call Resolution Turn-Around-Time: At least ninety percent (90%) of customer service calls that require follow-up or research will be resolved within two (2) BUSINESS DAYS of initial call. Measured by the number of issues initiated by a call and resolved (completed without need for referral or follow-up action) within two (2) BUSINESS DAYS, divided by the total number of issues initiated by a call. (See Section 255A.)	Two thousand (\$2,000) dollars for each percentage point for which the standard is not met in each month)
4) Electronic Written Inquiry Response: At least ninety-eight percent (98%) of customer service issues submitted by email, website, and mail are responded to within two (2) BUSINESS DAYS. (See Section 255A.)	Two thousand (\$2,000) dollars for each percentage point for

Performance Standards	Penalties
	which the standard is not met in each month)

315C Data Management

The DEPARTMENT will specify the timetable and dates for which the data transfers must be provided.

Performance Standards	Penalties
1) Notification of Data Breach: The CONTRACTOR shall notify the DEPARTMENT Program Manager and Privacy Officer within one (1) BUSINESS DAY of discovering that the PHI and/or PII of one (1) or more PARTICIPANTS may have been breached or has been breached. The CONTRACTOR shall provide the DEPARTMENT with the information required in the Department Terms and Conditions related to all such suspected or actual breaches.	One thousand (\$1,000) dollars per DAY for which the standard is not met

315D Enrollment

The CONTRACTOR shall report MONTHLY any DAY for which any of the following standards are not met.

Performance Standards	Penalties
1) Eligibility File: The CONTRACTOR must accept an eligibility file update on a schedule agreed upon by the DEPARTMENT, PAYROLL CENTER, and the CONTRACTOR and accurately process the enrollment file additions, changes, and deletions within two (2) BUSINESS DAYS of the file receipt. Delays in processing the eligibility file must be communicated to the DEPARTMENT Program Manager or designee within one (1) BUSINESS DAY. <i>(See Section 145.)</i>	One thousand (\$1,000) dollars per DAY for which the standard is not met
2) Enrollment File: The CONTRACTOR must accept an enrollment file update on a schedule agreed upon by the DEPARTMENT, PAYROLL CENTER, and the CONTRACTOR and accurately process the enrollment file additions, changes, and deletions within two (2) BUSINESS DAYS of the file receipt. Delays in processing the enrollment file must be communicated to the DEPARTMENT Program Manager or designee within one (1) BUSINESS DAY. <i>(See Section 145.)</i>	One thousand (\$1,000) dollars per DAY for which the standard is not met
3) Eligibility Discrepancies: The CONTRACTOR must resolve all eligibility discrepancies (any difference of values between the DEPARTMENT'S and the PAYROLL CENTER's database and the CONTRACTOR'S database) as identified within one (1) BUSINESS DAY of notification by the DEPARTMENT, PAYROLL CENTER, or identification by the CONTRACTOR. <i>(See Section 145.)</i>	One thousand (\$1,000) dollars per DAY for which the standard is not met
4) Enrollment Discrepancies: The CONTRACTOR must resolve all enrollment discrepancies (any difference of values between the DEPARTMENT'S and the PAYROLL CENTER's database and the CONTRACTOR'S database) as identified within one (1) BUSINESS DAY of notification by the DEPARTMENT, PAYROLL CENTER, or identification by the CONTRACTOR. <i>(See Section 145.)</i>	One thousand (\$1,000) dollars per DAY for which the standard is not met

Performance Standards	Penalties
5) DEBIT CARDS: The CONTRACTOR shall mail DEBIT CARDS within five (5) BUSINESS DAYS of the generation date of the enrollment file containing the addition or enrollment change, except as noted. (See Section 205B.)	One thousand (\$1,000) dollars per DAY for which the standard is not met
6) DEBIT CARDS for elections made during the IT'S YOUR CHOICE OPEN ENROLLMENT Period: The CONTRACTOR shall mail DEBIT CARDS by December 15 for enrollment additions or changes effective the following January 1 calendar year, as submitted on enrollment files generated from the IT'S YOUR CHOICE OPEN ENROLLMENT period. (See Section 205B.)	One thousand (\$1,000) dollars per DAY for which the standard is not met

315E Other

Performance Standards	Penalties
1) Audit: The CONTRACTOR shall address any areas of improvement as identified in any audit in the timeframe as determined by the DEPARTMENT. (See Section 150.)	One thousand dollars (\$1,000) per DAY for which the standard is not met
2) Major System Changes and Conversions: The CONTRACTOR shall verify and commit that during the length of the CONTRACT, it shall not undertake a major system change or conversion for, or related to, the system used to deliver SERVICES for the benefit program without specific prior written notice of at least one hundred-eighty (180) DAYS to the DEPARTMENT. (See Section 140.)	One thousand dollars (\$1,000) per DAY for which the standard is not met
3) Web-Portal Availability: The CONTRACTOR'S web-portal must be available at least ninety-nine percent (99%) of the time, including scheduled maintenance. In the event of downtime, the Contractor shall immediately notify the DEPARTMENT Program Manager of the expected duration of the downtime, post a notice on the website and web-portal (if possible) and provide a 24-hour "hot line" number. (See Section 255B.)	Three thousand (\$3,000) per DAY for which the standard is not met / Three thousand dollars per incident and three thousand dollars (\$3,000) per DAY thereafter for each DAY the web-portal is unavailable
4) Non-Disclosure: The CONTRACTOR shall not use or disclose names, addresses, or other data for any purpose other than specifically provided for in the CONTRACT. (See Section 115, 14.)	Five thousand dollars (\$5,000) per incident
5) Implementation and Go-Live Dates: All SERVICES shall take effective ("go live") and be fully operational on the due date specified in the Implementation Plan. (See Section 150.)	Fifty thousand dollars (\$50,000) for the first (1 st) DAY and five thousand dollars (\$5,000) for each subsequent DAY past the deadline that SERVICES are not fully operational

Appendix 10

GENERAL QUESTIONNAIRE

Use for:

ETH0052 – Third Party Administration of Health Savings Accounts (HSA)

ETH0053 – Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA)

ETH0054 – Third Party Administration of Commuter Fringe Benefit Accounts

This General Questionnaire is scored. (300 total points)

The purpose of this questionnaire is to provide the Department and the Board with a basis for determining the Proposer’s capability to undertake the Contract.

All Proposers must respond to the following by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this questionnaire are found in RFP Section 2.4 Proposal Organization and Format. Reference “RFP Section 6 - Appendix 10” at the top of your response document. The Proposal, at a minimum, must address the items listed below, and be organized in the order indicated below.

This General Questionnaire is worth 300 points. Include all requested documents at the end of the section in your Proposal that corresponds to the Section in the RFP in which the document is requested.

The Proposer must be able to perform the Services according to the requirements contained in the RFP.

Participant Services described in the Proposal response must be made available to all eligible Participants unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the evaluation committee, the Board, and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in the appropriate section of the Proposal. **Fees related to any Services specified in the Proposal must be noted only in Form H – Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

10-1.1 EXPERIENCE

10-1.1.1	Provide a general description of your organization, including: <ul style="list-style-type: none">a) Primary line(s) of business.b) Description of experience in primary line(s) of business.c) Number of employees.d) Address of the following: your organization headquarters, customer service, claims processing, IT support, implementation team, and other key staff.
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	<p>e) Provide the same information above for any Subcontractors that will provide Services as part of your Proposal.</p> <p>i. Provide the name and location of each Subcontractor and the Services for which they are contracted.</p>																		
10-1.1.2	<p>Indicate the size of groups in your organization’s corporate book of business. Provide group size information for each of the program(s) for which you are bidding</p> <table border="1"> <thead> <tr> <th>Group Size</th> <th># Groups in Book of Business</th> <th># Groups with (Program)</th> </tr> </thead> <tbody> <tr> <td><5,000</td> <td></td> <td></td> </tr> <tr> <td>5,001 to 20,000</td> <td></td> <td></td> </tr> <tr> <td>20,001 to 50,000</td> <td></td> <td></td> </tr> <tr> <td>50,001 to 100,000</td> <td></td> <td></td> </tr> <tr> <td>100,0001 or more</td> <td></td> <td></td> </tr> </tbody> </table>	Group Size	# Groups in Book of Business	# Groups with (Program)	<5,000			5,001 to 20,000			20,001 to 50,000			50,001 to 100,000			100,0001 or more		
Group Size	# Groups in Book of Business	# Groups with (Program)																	
<5,000																			
5,001 to 20,000																			
20,001 to 50,000																			
50,001 to 100,000																			
100,0001 or more																			
10-1.1.3	<p>How many public sector groups does your organization service? Provide the number of each group and any additional pertinent details.</p> <p>a) Cities, counties or townships. b) Universities and/or school districts. c) State governments. d) Other (please specify).</p>																		
10-1.1.4	<p>Provide a list of your three (3) largest public sector and (3) largest private sector clients for which your organization currently provides services for the programs you are offering in your Proposal, including:</p> <p>a) Employer name. b) The services provided. c) The approximate number of participants for each program. d) The number of years your organization has provided such services to the employer.</p>																		
10-1.1.5	<p>Describe fully your organization’s corporate or other business entity structure, including the state of incorporation or formation and list any controlling stockholders, officers, directors, general partners, members, managers, etc.</p> <p>a) Attach an organizational chart (including any part of the organization associated with the Services you are proposing to provide) showing principal officers, directors, general partners, members, managers, etc. and staff members who will be associated with providing Services. b) What year was the organization established? c) Is your organization a subsidiary or affiliate of another company? If so, name the affiliate or parent. d) Provide full disclosure of any direct or indirect ownership or control by any administrative service agency and/or financial institution and describe the relationship fully.</p>																		
10-1.1.6	<p>Describe any acquisitions and/or mergers or other material developments (e.g., changes in ownership, personnel, business, etc.) pending now or that occurred in the past five (5) years with your organization. Disclose any potential mergers or acquisitions that have been</p>																		

	recently discussed by senior officials and could potentially take place within the next three (3) years after the Contract start date.
10-1.1.7	Submit your organization's audited financial statements for the two (2) most recent fiscal years including the audit opinion, balance sheet, statement of operations, and notes to the financial statements.
10-1.1.8	<p>Provide details of any pertinent judgment, criminal conviction, investigation, or litigation pending against your organization, related entities, principals or officers during the past five (5) calendar years, whether directly related to the Services requested through this RFP or otherwise.</p> <p>a) Has your organization been subject to any litigation alleging breach of contract, fraud, breach of fiduciary duty, or other willful or negligent misconduct? If so, provide details including dates and outcomes. The Department reserves the right to reject a response based on this information.</p> <p>b) Provide certification that your organization has not been in bankruptcy and/or receivership within the last five (5) calendar years.</p>
10-1.1.9	Any company/organization services in the state of Wisconsin shall have complied with all applicable state and federal registration and licensing requirements. Provide proof that these applicable registration/ licensing requirements have been complied with (e.g., provide a current certificate of authority, etc., with your Proposal).
10-1.1.10	Describe your organization's experience serving clients that have complex reporting structures with multiple payroll centers/employers and locations. Please detail your experience in coordinating with multiple payroll centers, including the number of employers and payroll systems utilized at one time. Also, explain how your organization will coordinate with at least eight (8) separate payroll centers, on multiple payroll/benefit systems and different payroll cycles. See Appendix 4 – State Employer Organizational Relationship Chart.

10-1.2 STAFF QUALIFICATIONS

10-1.2.1	<p>Identify the dedicated Account Manager who will be responsible for day-to-day contacts with the Department and provide his/her resume. In your description, please include:</p> <p>a) The skills and attributes that will ensure that the requirements of the Contract are met.</p> <p>b) Information about his/her professional qualifications, including length of tenure with your organization.</p> <p>c) A detailed description of the types of large and/or complex employer groups similar to the Department that the Account Manager has been, or currently is, managing. Include the total number of large/complex employer groups along with the number of years of experience in managing these types of accounts.</p> <p>d) Number of other accounts and their size which the Account Manager will oversee when also assigned to manage the Department programs.</p>
10-1.2.2	Provide a list of key, qualified staff who will assist in fulfilling the requirements of the Contract. At a minimum, include the back-up to the Account Manager and at least one staff person in enrollment and eligibility, customer service, claims, and other key areas. For each staff person, list the following:

	<ul style="list-style-type: none"> a) Name, job title, and location (city, state). b) Primary job responsibilities. c) Years of related experience. d) Areas of specialization. e) Include an organizational chart that shows the reporting structure for the key staff.
10-1.2.3	<p>Describe the problem resolution process in the event an issue arises that requires escalation beyond the Account Manager and/or key staff.</p> <ul style="list-style-type: none"> a) Outline the problem resolution process including escalation steps. b) Name the title(s)/individual(s) with problem resolution authority.
10-1.2.4	<p>Provide information about the legal/compliance and technical staff who will be available to the Department for consultation as needed for program administration. The Contractor shall make legal/compliance and technical staff available to the Department for consultation, opinions, and/or guidance, as well as the resolution of escalated issues as necessary.</p>
10-1.2.5	<p>Provide a brief statement of the availability and location of the Account Manager, key staff, and other required resources for performing all Services and providing deliverables within indicated time frames. Also, include a statement as to whether or not the Services to be performed by your organization can be performed using only present staff and computer equipment/software/technology (or if additional resources are needed).</p>

10-1.3 IMPLEMENTATION

10-1.3.1	<p>Provide a detailed implementation plan that includes both a project overview and details on specific tasks, timeliness, and responsibilities. Clearly delineate the tasks your organization expects the Department and payroll centers to perform and the information you expect the Department and payroll centers to provide. Your implementation plan should include, but is not limited, to the following details:</p> <ul style="list-style-type: none"> a) A summary overview of the implementation plan. b) A detailed implementation schedule <ul style="list-style-type: none"> i. Include banking and participant account set-up details for HSA, ERA, and Fringe Benefit proposals. c) Points of contact during the implementation. d) Major tasks. e) Constraints and/or risks. f) Data and program set-up/configuration process. <ul style="list-style-type: none"> i. Testing of eligibility files and eligibility logic for HSA, ERA, and Fringe Benefit proposals. g) Material and/or resource development. <ul style="list-style-type: none"> i. Open enrollment materials development for HSA, ERA, and Fringe Benefit proposals. h) An overview of the communication/education process during the initial implementation phase.
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	<ul style="list-style-type: none"> i. Training of key staff. ii. Training of customer service representatives. i) Debit card production for HSA, ERA, and Fringe Benefit proposals. j) Issue elevation and resolution protocol. k) Implementation verification and validation.
10-1.3.2	<p>Describe the structure of your implementation team. Include the following details:</p> <ul style="list-style-type: none"> a) Identify the implementation manager and provide details regarding their background and experience. b) Indicate if the implementation manager will be dedicated to the Department for the duration of the implementation. If not, indicate how many other implementations he/she will support in addition to the Department implementation. c) Identify any additional key implementation support staff, including those who will be involved in day-to-day implementation work, compliance review, technological support, marketing materials development, training and employer outreach. Outline the roles and responsibilities for each additional implementation support staff member. d) Describe any additional resources available to the Department during implementation. e) Explain how your organization and implementation staff will support the Department during implementation. f) Outline your organization's intended training plan for implementation staff.
10-1.3.3	<p>Will the implementation manager and dedicated Account Manager be the same individual?</p> <ul style="list-style-type: none"> a) If so, is this a standard practice with your organization, and are any issues foreseen by having the same person fulfill both roles? Be specific. b) If not, describe how they will work together during the implementation process and the procedures for transfer of responsibility.
10-1.3.4	<p>Describe in detail what assistance your organization expects from the Department in the areas of program design, implementation, and day-to-day administration. Include the anticipated frequency of assistance.</p>
10-1.3.5	<p>Indicate your organization's willingness to provide on-site support staff for up to twenty-four (24) hours per week during the implementation of the Services you are proposing, and during any key annual projects moving forward.</p> <ul style="list-style-type: none"> a) Identify the proposed on-site staff and provide details regarding their background and experience. b) Provide a proposed on-site schedule, not to exceed twenty-four (24) hours per week, including days of the week and times.

10-1.4 PERFORMANCE STANDARDS AND GUARANTEES

<p>10-1.4.1</p>	<p>Detail your organization’s ability to satisfy the items outlined in the Performance Standards and Guarantees in Appendix 9 –State of Wisconsin Program Agreement.</p> <p>a) Provide samples of any similar reports that you currently provide for clients.</p> <p>b) Provide a description and example of reports other than those specified that you recommend be made available to the Department.</p>
<p>10-1.4.2</p>	<p>Describe the procedure that will be followed to ensure any required performance standards are properly measured and reported. Include a sample report that will be provided to the Department to demonstrate how the performance standards will be monitored.</p>
<p>10-1.4.3</p>	<p>In the event that a deficiency of performance is identified, either by your organization internally or by the Department, by means of an audit, participant complaint volume, or grievance process finding, what standard performance improvement plans or procedures does your organization have in place to rectify the identified issue(s)? Provide any pertinent details, including timelines, follow-up actions, and any sample documentation.</p>
<p>10-1.4.4</p>	<p>List any performance measurements your organization currently uses to evaluate accuracy, turnaround time, customer satisfaction, claims processing volume, etc. Specify how these measurements are derived.</p>
<p>10-1.4.5</p>	<p>Do you have any contracts with other clients who incorporate a penalty for not meeting performance standards? If yes, indicate the types of performance guarantee agreements you have entered into previously and your ability to provide these arrangements to the Department.</p>
<p>10-1.4.6</p>	<p>Describe how your organization will monitor the development of and provide notification, information, and advice to the Department concerning State or federal regulations or legislation that may affect the programs.</p>
<p>10-1.4.7</p>	<p>Provide a detailed description of any proposed additional performance standards and service guarantees.</p>

Appendix 11

TECHNICAL QUESTIONNAIRE

Use for:

ETH0052 – Third Party Administration of Health Savings Accounts (HSA)

ETH0053 – Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA)

ETH0054 – Third Party Administration of Commuter Fringe Benefit Accounts

This Technical Questionnaire is scored. (400 out of 500 total points)

The purpose of this questionnaire is to provide the Department and the Board with a basis for determining the Proposer's capability to undertake the Contract.

All Proposers must respond to the following by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this questionnaire are found in RFP Section 2.4 Proposal Organization and Format. Reference "RFP Section 7 - Appendix 11" at the top of your response document. The Proposal, at a minimum, must address the items listed below, and be organized in the order indicated below.

This Appendix 11 – Technical Questionnaire is worth 400 points out of 500 total technical points and requires a supplemental Technical Questionnaire be completed for each of the HSA, Section 125 Cafeteria Plan/ERA and Fringe Benefit programs. Each program supplement questionnaire is worth 100 points out of 500 total technical points. The Technical Questionnaire Supplements are:

- Appendix 11A – Technical Questionnaire: HSA Supplement
- Appendix 11B – Technical Questionnaire: Section 125 Cafeteria Plan/ERA Supplement
- Appendix 11C – Technical Questionnaire: Commuter Fringe Benefit Supplement

The Proposer must be able to perform Services according to the requirements contained in the RFP.

Participant Services described in the Proposal response must be made available to all eligible Participants unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the evaluation committee, Board and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in the appropriate section of the Proposal. **Fees related to any Services specified in the Proposal must be noted only in Form H – Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

11-1.1 CUSTOMER SERVICE

<p>11-1.1.1</p>	<p>Describe your organization's customer service center hours of operation and location, including number of shifts, number of employees per shift, and peak hour coverage (e.g. during lunch).</p> <ul style="list-style-type: none"> a) Does your organization provide a 24/7 telephonic response system? b) Does your organization provide a dedicated telephone line for clients, or is the same customer service telephone number offered for all clients? c) Describe your organization's client-specific call volume documentation (e.g. date of service, type of call) and resolution statistics monitoring capabilities. Provide a sample call volume and statistics report. d) Describe how your organization handles after-hours member contacts.
<p>11-1.1.2</p>	<p>For the past year, provide the following:</p> <ul style="list-style-type: none"> a) The total number of inquiries handled by your customer service department. b) The average hold time. c) The abandoned call rate. d) Percent of telephone inquiries resolved during the initial call. e) Percent of telephone inquiries resolved within 24 hours of initial call. f) Total number of e-mail inquiries. g) Average number of days for e-mail inquiry resolution.
<p>11-1.1.3</p>	<p>Describe your organization's procedures for responding to inquiries, from receipt of a question by telephone, e-mail, fax, or letter to complete resolution.</p> <ul style="list-style-type: none"> a) What is the average overall turnaround time for a reply to inquiries? b) How are participant inquiries and response times tracked and reported? Provide a sample.
<p>11-1.1.4</p>	<p>Describe your organization's policies and procedures for handling participant contacts (e.g. calls, emails, etc.) during times of peak volume (e.g. open enrollment, new plan year).</p> <ul style="list-style-type: none"> a) Are customer service hours increased during peak volume times? b) How is staffing adjusted to accommodate peak volume times in order to fulfill performance requirements? c) How are phone system settings adjusted to accommodate peak volume times in order to fulfill performance requirements?
<p>11-1.1.5</p>	<p>Describe in detail your organization's customer service representative training protocol, including the steps your organization will take to ensure the customer service unit is in place and trained to receive open enrollment calls by mid-September 2019. Include any pertinent details and sample materials related to:</p> <ul style="list-style-type: none"> a) New client curriculum development (plan offerings, client-specific policies, etc.). b) Initial and ongoing trainings. c) Issue escalation procedures.

	<ul style="list-style-type: none"> d) Communication of client plan changes and updates. e) Education regarding tax code requirements. f) Customer service representative supervision. g) System support. h) Quality assurance. i) Performance standards. j) Performance monitoring and adjudication. k) Corrective training and performance improvement measures offered to customer service representative staff.
11-1.1.6	<p>Do your customer service representatives have access to real-time participant account and claims information?</p> <ul style="list-style-type: none"> a) If so, provide a brief overview of the access (e.g. web portal vs. vendor database, etc.). b) If not, explain.
11-1.1.7	<p>What is the average length of tenure for a customer service representative with your organization?</p>
11-1.1.8	<p>Provide a detailed description of pre-employment screenings for customer service representatives, including information regarding when and if a background check is performed, as well as the type of background check(s).</p>
11-1.1.9	<p>Describe the information that will be available to participants through your Interactive Voice Response (IVR) system.</p> <ul style="list-style-type: none"> a) What is the current average number of IVR prompts for a participant to resolve their issue or answer their question? b) Explain how participants can access their personal account information via IVR. c) Does your organization's IVR provide participants with an option to speak directly to a customer service representative? d) Explain who in your organization will be responsible for, and how, IVR access problems (e.g. password and authorization problems, slow response time, system down-time, etc.) will be resolved? e) Identify if a call tree will be developed specifically for the Department.
11-1.1.10	<p>Are calls to customer service documented in the participant account for quality assurance and proper continuation of service?</p> <ul style="list-style-type: none"> a) If so, provide a brief overview of the standard call documentation procedure. b) If not, explain why not and describe any alternate participant interaction documentation methods.

11-1.1.11	<p>Are calls to customer service recorded?</p> <ul style="list-style-type: none"> a) If so, are calls regularly reviewed for quality and performance improvement opportunities? b) If so, how often and by whom? Can a recording be easily accessed in the event of a customer service concern and made available to the Department for reference? c) If not, describe your organization's alternate call quality monitoring processes.
11-1.1.12	<p>Provide information about any specialized telephone/computer system used by your customer service area to track customer service inquiries. Provide a list of reporting capabilities for this system(s).</p>
11-1.1.13	<p>Do you teach your customer services representatives to look for solutions instead of just answering the question? Explain.</p>
11-1.1.14	<p>Describe how your organization meets the communication needs of visually and hearing impaired participants.</p> <ul style="list-style-type: none"> a) Describe any training your customer service staff receives to meet the needs of visually and hearing impaired participants. b) Specifically address how your organization adapts written and electronic materials, including your web resources, to meet the needs of visually and hearing impaired participants.
11-1.1.15	<p>Describe in detail any translation services offered by your organization.</p> <ul style="list-style-type: none"> a) Are the services provided directly by your organization or do you employ a subcontractor? b) What languages does your translation service include?

11-1.2 DATA SYSTEM AND WEB PORTAL CAPABILITIES

11-1.2.1	<p>Describe in detail your organization's previous experience in providing record-keeping, accounting services, and administrative services for clients with a similar number of employees (as the State) with multiple payroll reporting agencies and multiple payroll cycles using a variety of data platforms, including electronic transfer via sFTP, virtual private network, encrypted e-mail, and/or paper.</p>
11-1.2.2	<p>Include the name, area of responsibility, qualifications, and experience of your key staff responsible for the information technology systems functions.</p>
11-1.2.3	<p>Provide detailed information about the hardware and software that your organization will use to administer the programs you are proposing to the Department. Include information about the record-keeping controls policies and procedures that are in place to properly receive, disburse, audit, and reconcile both participant and plan accounts in the following areas:</p> <ul style="list-style-type: none"> a) Enrollment and eligibility processing. b) Payroll (contribution) processing. c) Reimbursement/claims administration.

	<ul style="list-style-type: none"> d) Bank account reconciliation. e) Administrative fee billing.
11-1.2.4	<p>The following information should be provided in electronic format:</p> <ul style="list-style-type: none"> a) Examples and descriptions of all available reports (participant and administrative). b) A specific list, frequency of report generation, and a sample package of standard reports which will be provided to the Department at no additional charge. c) A detailed description of the process for the Department to request additional reports not currently available, and estimated time of delivery. Additional reporting costs should be included in the Cost Proposal Workbook. d) A sample of a year-end statement showing a participant's account balance. e) A sample of a participant's monthly statement of all activity.
11-1.2.5	<p>If any proposed or current data processing system, or any of its parts used for the administration of the programs you are proposing to the Department, is not owned and/or developed by your organization, explain what contractual arrangements are in place or planned to be in place and with whom for said data processing system(s).</p> <ul style="list-style-type: none"> a) If your organization doesn't own the system, describe any known system limitations and established workarounds. b) If your organization does own the system, please describe the availability of custom reporting.
11-1.2.6	<p>Identify and explain if it will be necessary for your organization to purchase additional computer/data processing resources in order to fulfill the terms of your proposal.</p>
11-1.2.7	<p>Describe any major system conversions you have implemented within the past two (2) years and any plans for future major system conversions.</p>
11-1.2.8	<p>Provide a description of your organization's system back-up procedures including the frequency of updates, retention schedule and schedule for business recovery testing.</p>
11-1.2.9	<p>Describe in detail the measures your organization uses to protect the security and privacy of program data, records, forms, participant information, and data processing operations.</p> <ul style="list-style-type: none"> a) Include information about the physical security measures used to control access to your organization's systems and internal controls that are in place to reduce loss that may occur through fraud, negligence, incompetence, or system errors. b) Include information about contingency plans for continuation of critical business functions during an emergency. c) Indicate whether emergency simulation testing is performed and how often, include the results of the last simulation if applicable. d) Provide a copy of your organization's disaster recovery plan.
11-1.2.10	<p>Describe the ability of your organization to perform quality checks on any work performed by your subcontractors on returned data. Also, describe how your organization will protect participant confidentiality and comply with HIPAA data security and privacy requirements.</p> <p>Note: The Board and the Department take the security and privacy of member data very seriously. Should a vendor fail to properly protect private information, any cost the Department pays to mitigate the data breach will be subtracted from the total price</p>

	<p>of the Contract(s). The Contractor is responsible for taking timely action and must absorb the cost of mitigating the damages to affected members. The Contractor must have a secure electronic method for exchanging files with the Department or agree to use the Department's secured file transfer protocol (FTP) site.</p>
<p>11-1.2.11</p>	<p>Describe abilities available to the Department and payroll center staff to perform the following:</p> <ul style="list-style-type: none"> a) Update participant addresses and other personal information. b) View consolidated accounts. c) View individual participant effective and termination dates. d) View and track individual claim obligations and fulfillment of those obligations. e) View and track individual participant contribution obligations and fulfillment of those obligations. f) View and track individual participant claims obligations and fulfillment of those obligations (e.g. documentation requirements). g) Generate reports. Include details about the ability to run reports for aggregated data such as: <ul style="list-style-type: none"> i. Participant enrollment (current and past) ii. Participant contribution (current and past) iii. Account balance detail report – view plan balance summaries and individual account balance detail iv. Claim history – view all claims submitted (manual, electronic, and debit card) v. Payment history – all reimbursement/payment during a specified time period vi. Unsubstantiated claim – all unsubstantiated claims during a specified time period vii. Debit card status and settlement report – status of debit card viii. Repayment report – summary and detail of participant repayments for a specific period of time ix. Detail other information available on employer-generated reports h) Find answers to common participant questions.
<p>11-1.2.12</p>	<p>Provide a detailed description of your organization's website portal for program participants. The website portal should allow participants to view transactions and claims status, allocate investments, or initiate a withdrawal. Describe the functions available to participants to perform the following:</p> <ul style="list-style-type: none"> a) Review and update personal information. b) Check balance and claim status. c) Submit claims and receipts online. d) Review lists of eligible expenses. e) Use tools and calculators. f) Find answers to common questions.

	<ul style="list-style-type: none"> g) Contact customer service. h) Order additional debit cards or request a replacement debit card. i) Report a debit card as lost or stolen. j) View tax documents and monthly statements. k) Generate detailed reports for tax filing purposes.
11-1.2.13	Provide a sample <u>participant</u> website portal login, or detailed color printed screenshots including interface details and feature descriptions. If your organization does not offer a participant website portal, explain why.
11-1.2.14	Provide a sample <u>administrator</u> website portal login, or detailed color printed screenshots including interface details and feature descriptions. If your organization does not offer an administrator website portal, explain why.
11-1.2.15	<p>Provide a detailed description of your organization’s mobile application for participants. The mobile application should allow participants to view transactions and claims status or initiate a withdrawal. Describe the functions available to participants to perform the following:</p> <ul style="list-style-type: none"> a) Review and update personal information. b) Check balance and claim status. c) Submit claims and receipts online. d) Find answers to common questions. e) Contact customer service. f) Order additional debit cards or request a replacement debit card. g) Report a debit card as lost or stolen. h) View any pertinent account documentation.
11-1.2.16	To what degree will your organization customize IT system and web portal interfaces (e.g. screens, menus), including IT system-generated standard communications (e.g. emails), to meet the Department’s needs and style of communication?
11-1.2.17	<p>Currently, State of Wisconsin program participants have 24/7 online access to a dedicated web landing page that provides resources, educational materials, administrative reference guides, and important forms. The landing page does not require participants to log in to their web portal account to view these materials.</p> <ul style="list-style-type: none"> a) Describe the materials currently available on your organization’s website without requiring an account login. If your organization does not make materials publicly available, explain why. b) Detail your organization’s ability and willingness to host State of Wisconsin-specific materials on a personalized website (without requiring an account login), either on currently existing resource pages or via a dedicated web landing page.
11-1.2.18	Describe how those persons without Internet access or those persons who are not Internet-capable will be able to access the same level of information and services available to those who are able to easily access the Internet.

11-1.2.19	Have you added, improved or changed any of your web tools in the last 12 months? If yes, describe.
11-1.2.20	Do you have any plans to migrate your online system to a new one in the next five (5) years?
11-1.2.21	Provide a detailed description regarding the online storage of receipts and supporting documentation for claims disbursements. Include the following information: <ul style="list-style-type: none"> a) The process for uploading images to your system. b) The length of time images are stored in your system. c) A description of how and when images are archived.
11-1.2.22	Provide a copy of your most recent SOC 1 report, as well as at least one SOC 2 or SOC 3 report. Ideally, any submitted reports should be no more than six (6) months old. If your SOC 2 is not inclusive of your primary subservice organizations, the Department will require a copy of your SOC 3 report as well.

11-1.3 ENROLLMENT AND ELIGIBILITY

11-1.3.1	Identify the person(s) whose primary responsibility it will be to coordinate open enrollment activities, including supervision and training of enrollment representatives, if applicable. Include their position, qualifications, experience, and location (local or home office). Describe how open enrollment responsibilities will be coordinated between the home and local office staff, if applicable.
11-1.3.2	Indicate the proposed number of open enrollment representatives that will be utilized to conduct informational sessions throughout Wisconsin during the annual open enrollment period, and as requested by the Department. <ul style="list-style-type: none"> a) Include information about the qualifications of the open enrollment representatives. b) Describe the procedures that will be followed by your organization to monitor the training and performance of the open enrollment representatives. c) Include an anticipated outline of topics that will be covered during the open enrollment/information sessions. d) Indicate if/how your organization anticipates informational sessions to vary from the first year of the Contract (implementation/fall 2019) and the second year of the Contract (fall 2020). Describe any differences in staffing, number of information sessions, etc.
11-1.3.3	Describe your organization's standard annual communication plan for participants. The plan should include a detailed timeline, addressing communications development and delivery, educational outreach, decision-making tools, and enrollment confirmations for participants. Provide pertinent examples of all communications. <ul style="list-style-type: none"> a) List standard communications available to the Department at no extra cost. b) Include details on the method(s) of delivery available for each type of communication (mail, email, web portal account, etc.).

	<p>c) Describe the Department’s ability to request additional communications, including the average length of time between the request and delivery of the communication. Any additional costs should be included in the Cost Proposal Workbook.</p>
11-1.3.4	Describe your experience in creating and delivering a standard annual communication plan with a large employer, including the outcomes. Provide an example.
11-1.3.5	<p>Describe the informational materials that may be used to ensure that all eligible employees are aware of and understand the program(s). In lieu of paper copies, you may provide links to online electronic copies of informational materials.</p> <ul style="list-style-type: none"> a) Provide sample enrollment guides and welcome brochures for each program you are proposing. Indicate how the provided information is made available to participants. b) Provide sample participant guides for each program you are proposing. Indicate how the provided information is made available to participants. c) Provide eligible expense reference materials (flyers, presentations, etc.). d) Provide sample video presentations designed to educate participants on the program(s) you are proposing. e) Provide samples of any pertinent forms, including enrollment, reimbursement requests, change of address, and direct deposit enrollment. f) Provide examples of any other pertinent program materials that may be used to communicate program information.
11-1.3.6	Describe your ability to customize communications for the Department. Provide examples beyond just name customization, if possible (e.g. the Department logo, colors, terminology). Any additional costs for such customizations should be included in the Cost Proposal Workbook.
11-1.3.7	<p>Identify the types of communication that you will send to participants via e-mail, including but not limited to enrollment reminders, enrollment verifications, reimbursement request confirmations, deposit notifications, and fund carryover confirmations. Provide any pertinent samples.</p> <ul style="list-style-type: none"> a) Provide your process for handling e-mail bounce backs, including identification and resolution. b) Describe any challenges you have had previously in e-mailing participants whose work e-mail address is protected by a firewall. How have you addressed these challenges?
11-1.3.8	Does your organization have the ability to send targeted communications to the Department participants? If so, describe the available delivery methods (mail, email, etc.) and include any additional pertinent details, such as customization options or system limitations. Any additional costs should be included in the Cost Proposal Workbook.
11-1.3.9	Describe your privacy policy regarding participant e-mail addresses, including whether or not you sell them to third-party vendors for solicitation. Do you share e-mail addresses with any outside organizations? If so, describe the purposes in detail and the ability of participants to opt-out.
11-1.3.10	Provide a detailed outline of the actions that will be taken to ensure that all eligible employees are given the opportunity to enroll in the programs you are proposing to the Department and that all necessary tasks have been completed to accurately implement

	participant payroll deductions by the first pay period of 2020. Indicate what will be done, when, and who will be responsible for each step.
11-1.3.11	Describe in detail the process used to accurately enroll eligible employees in the program(s) you are proposing. <ul style="list-style-type: none"> a) Provide enrollment details for all applicable enrollment methods, including via web portal, paper application, enrollment file, and/or IVR. b) Include information related to employee accessibility, employee user ID's and personal identification numbers, process for handling inaccurate or incomplete submissions, data transfer to employers, enrollment data backup and security, etc. c) Outline the security measures employed to assure the privacy and security of confidential information for all enrollment methods.
11-1.3.12	Describe the procedure used for processing mid-year enrollments for newly hired or newly eligible employees. Address the process for each program you are proposing.
11-1.3.13	Describe your administrative process in the event of a mid-year period of non-coverage (e.g. leave of absence, medical leave of absence) followed by reinstatement. Address the process for each program you are proposing.
11-1.3.14	Provide an example of an enrollment verification statement (e.g. hard copy letter, electronic notification, email, etc.) and any program information that may be sent to participants upon enrollment in each of the programs you are proposing.
11-1.3.15	Explain how your organization manages participant user identifications (IDs) and passwords. <ul style="list-style-type: none"> a) Provide an example of any communications provided to a new participant informing them of their user ID and password. b) Outline steps a participant must take to access their account for the first time. c) Outline steps a participant must take to reset their password. d) Are user IDs assigned by your organization, or may a Department designated number, such as a Social Security number, be utilized as a user ID?
11-1.3.16	Does your organization require a minimum payroll deduction in order for a participant to be eligible for a program? If so, detail the applicable program name(s) and deduction amount(s) required based on your Proposal.
11-1.3.17	How often can you accept enrollment files/updates?
11-1.3.18	Does your organization have preferred standard electronic file templates? If so, provide details regarding the file format, and provide a sample for review.
11-1.3.19	Describe the eligibility error report resolution process. Indicate what will be done, when, and who will be responsible for each step. Also, provide the average error resolution time and a sample error report.
11-1.3.20	Provide details of the procedure that will be followed when participants who experience a Change in Status (CIS) event wish to change their election. Include information about: <ul style="list-style-type: none"> a) The staff who are responsible for processing the CIS requests. b) The criteria used to approve or reject a participant's change request.

	<p>c) The process used to properly reinstate an employee after a lapse in coverage, following United States Department of Treasury Regulation rules.</p> <p>d) The method for calculation of the annual amount for mid-year contribution amount changes or enrollment.</p> <p>Include a sample form that is provided to participants who file a request to change their election amount due to a CIS and any material that will be provided to participants to communicate the requirements of CIS requests.</p>
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11-1.4 DEBIT CARD

11-1.4.1	<p>Does your organization offer debit cards to program participants? If yes, provide the following information regarding the company issuing the debit cards:</p> <p>a) Vendor name and address.</p> <p>b) Telephone number.</p> <p>c) General email address.</p> <p>d) Website address.</p>
11-1.4.2	<p>How many times has the company issuing the debit cards or the card service been offline in the past two years? Provide any pertinent details about the incident(s), including number of participants impacted and the resolution timeframe.</p>
11-1.4.3	<p>Detail the debit card service you will provide in relation to the programs being offered in your Proposal.</p> <p>a) Will participants be automatically issued a debit card for their account(s)?</p> <p>b) Will participants have the option to request dependent cards?</p> <p>c) How are the cards activated?</p> <p>d) Are the debit cards chip-enabled?</p> <p>e) Do the debit cards require a PIN for point-of-service sales?</p>
11-1.4.4	<p>Can you offer a “one card solution” for multiple accounts? If so:</p> <p>a) What programs can be serviced using the same card?</p> <p>b) How does your card facilitate multiple accounts?</p>
11-1.4.5	<p>Provide information on how the debit card may be customized for an employer, including employer branding capabilities (e.g. logo, special colors).</p>
11-1.4.6	<p>Provide a sample of your standard debit card, including front and back details. An actual sample plastic card is preferred, however, printed images are also acceptable. Also provide a copy of the Cardholder Agreement that will be issued with the debit card to a participant.</p>
11-1.4.7	<p>Provide sample materials or communications that you provide to employees, employers, and potential merchants detailing debit card benefits and functionality (e.g. flyer, brochure, video).</p>

<p>11-1.4.8</p>	<p>Provide the following information regarding the debit card technology used for the debit cards you plan to provide to program participants. Explain/provide:</p> <ul style="list-style-type: none"> a) The type(s) of claims that may be paid using a debit card. b) The auto-substantiation options available. c) The processes/systems that are used for adjudicating claims. Provide a systems diagram and data flowchart for the interaction that occurs with the debit/credit card vendor. d) A detailed description of the connection between your card administration platform and claims administration software, and how debit card transactions are substantiated. e) The processes or systems that are subcontracted to a third-party vendor. f) The controls employed to avoid overpayments and/or payment of ineligible claims. g) The process for recovering overpayments or ineligible claims, including when, how and the nature of communications that are sent to participants on this matter. h) The debit card suspension/reinstatement process, including when, how and the nature of communications that are sent to participants on this matter. i) Any fees that may be charged directly to the participant and the employer. j) Any current process improvement or future enhancement being developed for the debit/credit card.
<p>11-1.4.9</p>	<p>Provide the following information regarding automatic substantiation:</p> <ul style="list-style-type: none"> a) The types of debit card transactions that would prompt a request for claim substantiation. b) A detailed description of all auto-substantiation parameters available. c) The percent of debit card transactions that do not automatically substantiate and why. d) The percent of debit card transactions that require substantiation. e) The methods your organization uses to reduce the number of substantiation requests.
<p>11-1.4.10</p>	<p>Provide a detailed description as to how your debit card administration system utilizes e-mail notifications to program participants regarding the following:</p> <ul style="list-style-type: none"> a) Status of debit card transactions. b) Auto-substantiated claim confirmations. c) Claims submission requirements. d) Card status. <p>Provide samples of all pertinent participant notifications and communications.</p>
<p>11-1.4.11</p>	<p>Describe in detail what a participant should do if they experience any of the following, or have questions about the items below:</p> <ul style="list-style-type: none"> a) Charge-back. b) Stolen cards.

	<ul style="list-style-type: none"> c) Unauthorized transactions. d) Other non-typical debit card customer service issues.
11-1.4.12	Provide a detailed list of merchants that support purchases of eligible expenses with your debit card vendor. A separate list should be provided for each program you are proposing. Include an inventory information approval system (IIAS) merchant list for HSA and ERA programs.

11-1.5 CLAIMS ADMINISTRATION

11-1.5.1	Provide details of how your organization accommodates submission of claims. Include an overview and any pertinent documents for all available methods of reimbursement requests, including submission via secure web portal, smartphone application, and reimbursement request form.
11-1.5.2	<p>Provide details of the procedure and the criteria used to authorize or reject claims to assure that all claims paid are in compliance with applicable IRS Code and Regulations.</p> <ul style="list-style-type: none"> a) Include the quality control procedures and system edits used for controlling and tracking reimbursement requests. b) Include the protocols/procedures and system edits used for ensuring the system is utilizing current IRS codes and regulations.
11-1.5.3	Describe your organization's ability to directly pay providers for all programs for which you are proposing. Providers may include health care clinics and practitioners, dependent day care providers, parking merchants, and mass transit pass retailers.
11-1.5.4	Describe how your organization provides for direct deposit of participant reimbursements through Automatic Clearing House (ACH), including the protocols utilized to ensure financial information is protected.
11-1.5.5	Describe the means used to support receipt and allocation of pre-tax contributions for the programs you are proposing (funds transfer with detail through FTP files or internet, ACH, other).
11-1.5.6	<p>Describe the average turnaround time and the guaranteed maximum turnaround time for claims processing currently provided for your clients.</p> <p>Note: Claims processing turnaround time is from the date of receipt of a valid claim by the vendor to the date a check is mailed or electronically transferred to the participant. The turnaround time for dependent care claims may be counted from the time money is available in the participant's account to the date an authorized claim is paid.</p>
11-1.5.7	<p>Describe how you handle the following and provide samples of participant communication for each as applicable:</p> <ul style="list-style-type: none"> a) Incomplete claims (i.e. claims which are not or cannot be processed due to missing information or documentation). b) Claims that exceed available funds (especially regarding dependent care claims). c) Lost checks. d) Contributions received in error.

	<ul style="list-style-type: none"> e) Reimbursement claims paid in error. f) Outstanding checks.
11-1.5.8	Provide an example of an explanation of reimbursement that would be sent to a participant. Include examples of explanations sent to participants whose claim was partially or wholly rejected.
11-1.5.9	<p>Describe your organization's quality control procedures for keeping complete and accurate claims records, documenting business processes, checking for errors, and reviewing processes for effectiveness and opportunities to improve.</p> <ul style="list-style-type: none"> a) Describe how your quality control processes would be applied to each stage of the programs being offered in your Proposal. b) Describe in detail how the quality of data integrity will be maintained during a transition from another vendor to your organization, or when transitioning from your organization to another vendor.

11-1.6 ADMINISTRATOR EDUCATION AND RESOURCES

11-1.6.1	<p>Provide a sample administrator guide for each program you are proposing.</p> <ul style="list-style-type: none"> a) What is the development timeline for a Department-specific administrator guide? b) What is the standard review timeline for administrator guides (e.g. quarterly, annually)? c) How would the Department request ad-hoc edits to the administrator guide? d) What is the average turnaround time for edits? e) Where would the administrator guide be made available to the Department and payroll center/benefits specialist staff?
11-1.6.2	Describe the informational materials provided to payroll center/benefits specialist staff to educate them on the program(s) you are proposing. Such materials could include presentation slides, webinars, or videos. In lieu of paper copies, you may provide links to online electronic copies of such informational materials.
11-1.6.3	Provide a detailed description of any standard payroll center/benefits specialist training your organization conducts on annual basis.

Appendix 11A

TECHNICAL QUESTIONNAIRE – HSA SUPPLEMENT

Applies to:

ETH0052 – Third Party Administration of Health Savings Accounts

This Technical Questionnaire – HSA Supplement is scored. (100 out of 500 total points)

The purpose of this Technical Questionnaire is to provide the Department and the Board with a basis for determining the Proposer’s capability to undertake the Contract.

All Proposers must respond to the following by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this questionnaire are found in RFP Section 2.4 Proposal Organization and Format. Reference “RFP Section 7 - Appendix 11A” at the top of your response document. The Proposal, at a minimum, must address the items listed below, and be organized in the order indicated below.

This HSA Supplement is worth 100 points out of 500 total Technical points and must be submitted in conjunction with Appendix 11 – Technical Questionnaire. Appendix 11 is worth 400 out of 500 points.

The Proposer must be able to perform Services according to the requirements contained in the RFP.

Participant Services described in the Proposal response must be made available to all eligible Participants unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the evaluation committee, the Board and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section. **Fees related to any Services specified in the Proposal must be noted only in Form H – Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

11.A-1.1 ADMINISTRATION

11A-1.1.1	Describe your health savings account (HSA) banking services or those of the custodian(s) you use. Name the custodian(s) and provide information about your partnership(s) with them. Describe any choices that HSA participants have in choosing a custodian.
11A-1.1.2	Are your HSA offerings FDIC insured? If not FDIC insured, describe any known issues and your organization’s process for addressing and resolving known and potential future issues.
11A-1.1.3	How does your system recognize and track qualified relative and dependent eligibility for claims? Describe any criteria or system capabilities you utilize.
11A-1.1.4	How does your system recognize and track HSA beneficiaries?

11A-1.1.5	Describe the process for a participant to add or change a beneficiary for their HSA. Provide a sample beneficiary designation form.
11A-1.1.6	Administrative fees are currently billed differently for active employees and retirees. Active employee administrative fees are billed to the Department, while retiree administrative fees are billed directly to the participant via a monthly maintenance fee deduction to their HSA account balance. Indicate your organization's ability to bill administrative fees differently between active employees and retirees. Any additional fees should be included in the Cost Proposal Workbook.

11A-1.2 CONTRIBUTIONS

11A-1.2.1	Per IRS regulations, the Department allows unlimited carryover for the HSA. Describe the annual carryover process for the HSA, including when carryover funds are available to participants at the start of each plan year.
11A-1.2.2	<p>Per IRS regulations, the Department allows HSA contributions via payroll deduction, post-tax participant contributions, and post-tax third party contributions.</p> <ul style="list-style-type: none"> a) Indicate your organization's ability to accept all allowable forms of HSA contributions, including any pertinent details regarding system specifications and timing. b) Describe the process for participants and third parties to make post-tax contributions.
11A-1.2.3	Describe how pre-tax HSA contributions are handled. Specifically, provide a detailed overview of your system's ability to differentiate between pre- and post-tax HSA contributions. Provide a sample account summary for demonstration/reference. Explain any system limitations and any other available solutions.
11A-1.2.4	<p>Indicate if the HSA accepts rollovers/transfers from other HSAs and medical spending accounts.</p> <ul style="list-style-type: none"> a) Describe the transfer process if applicable, including delays before funds are available. b) Indicate if there are any limits on the amount of funds that may be rolled over or transferred. c) Note any additional costs related to rollovers/transfers on the Cost Proposal Workbook.
11A-1.2.5	Can your system accept employer contributions? If so, provide any pertinent details regarding system specifications and timing.
11A-1.2.6	<p>Does your system have a reconciliation process in place to assist the account holder in identifying when excessive contributions might be made? If so, explain:</p> <ul style="list-style-type: none"> a) When and how employees will be notified about the excess contributions. b) How refunds of excessive contributions are handled when there are employer contributions involved.
11A-1.2.7	Does your system have a reconciliation process in place to assist accountholders to identify when a contribution error may have occurred? If so, explain:

	<ul style="list-style-type: none"> a) When and how participants will be notified about contribution errors, and b) How contribution errors are handled, especially regarding corrections and offsets.
11A-1.2.8	<p>Describe your organization's experience with participants mistakenly enrolling in the HSA, either by accident or when they are not eligible (due to disqualifying other coverage or lack of Department-required High Deductible Health Plan dual enrollment, etc.).</p> <ul style="list-style-type: none"> a) Explain what steps are typically taken to remedy any erroneous HSA enrollments, including contributions. b) Explain if there are any procedural differences for remedying an erroneous HSA enrollment prior to the beginning of the plan year compared to mid-plan year.

11A-1.3 INTEREST AND INVESTMENTS

11A-1.3.1	<p>Detail the current investment options available to HSA participants and the associated rate of returns for the past five years. Include the following information:</p> <ul style="list-style-type: none"> a) Types of fund offerings (e.g. fixed-interest bearing account, money market fund, mutual funds, multiple mutual funds from one source, multiple mutual funds from several sources, other). b) Minimum required account balances. c) Available funds and fund fees. d) Fund administration fees and fee disclosures. <ul style="list-style-type: none"> i. Provide a copy of any pertinent disclosure statements. e) Interest rates and update schedules for money market or other interest bearing options (for funds that have not been invested). f) Historical rate of return. g) Transaction fees.
11A-1.3.2	<p>Indicate if additional investment options are currently being planned and the associated implementation timeline.</p>
11A-1.3.3	<p>What is the threshold balance in the account before a participant can invest funds?</p>
11A-1.3.4	<p>Is there an account balance maximum regarding investing funds?</p>
11A-1.3.5	<p>Do customer service representatives provide information on investment options?</p> <ul style="list-style-type: none"> a) If so, describe the information offered to participants. b) If not, describe where or how customer service representatives direct participants for information regarding investment options.
11A-1.3.6	<p>Describe the investment-related educational materials that are available to participants. In lieu of paper copies, you may provide links to online electronic copies of informational materials.</p> <ul style="list-style-type: none"> a) Provide sample brochures or flyers. b) Provide sample educational presentations or videos.

	c) Provide examples of any other pertinent investment-related materials that may be used to communicate information.
11A-1.3.7	Describe your practice for issuing tax-reporting forms to HSA account holders. Include information regarding tax Forms 8889, 1099-SA, and 5498-SA.

Appendix 11B

TECHNICAL QUESTIONNAIRE: SECTION 125 CAFETERA PLAN/ERA SUPPLEMENT

Applies to:

ETH0053 – Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts

This Technical Questionnaire – Section 125 Cafeteria Plan/ERA Supplement is scored. (100 out of 500 total points)

The purpose of this questionnaire is to provide the Department and the Board with a basis for determining the Proposer’s capability to undertake the Contract.

All Proposers must respond to the following by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this questionnaire are found in RFP Section 2.4 Proposal Organization and Format. Reference “RFP Section 7 - Appendix 11B” at the top of your response document. The Proposal, at a minimum, must address the items listed below, and be organized in the order indicated below.

This Section 125 Cafeteria Plan/ERA Supplement is worth 100 points out of 500 total points and must be submitted in conjunction with Appendix 11 – Technical Questionnaire. Appendix 11 is worth 400 out of 500 points.

The Proposer must be able to perform Services according to the requirements contained in the RFP.

Information described in the Proposal response regarding programming and capabilities must be available to all eligible Participants unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the Board and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section. **Fees related to any Services specified in the Proposal must be noted only in Form H – Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

11.B-1.1 ERA ADMINISTRATION

11.B-1.1.1	<p>The Department allows \$500 annual carryover for both the Health Care Flexible Spending Account (FSA) and the Limited Purpose FSA.</p> <ul style="list-style-type: none"> a) Describe the annual carryover process for the Health Care FSA and Limited Purpose FSA, including when carryover funds are available to participants. b) Describe all available carryover options, including immediate availability (January 1) and post-runout period (March 31). c) How does your organization ensure carryover funds are transferred accurately from one plan year to the next?
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11.B-1.1.2	Describe how your organization coordinates the Limited Purpose FSA with a Health Savings Account (HSA), specifically if the HSA is managed by a different vendor.
11.B-1.1.3	<p>The Limited Purpose FSA offered by the Department allows for eligible vision, dental, and post-deductible medical expenses:</p> <ul style="list-style-type: none"> a) Can your organization's system accommodate eligible post-deductible medical expense substantiation? Explain how. b) Are there any debit card limitations for post-deductible expenses? Explain in detail.
11.B-1.1.4	<p>In the event that a participant enrolled in multiple ERA programs experiences a qualified life change event, such the birth of a child or marriage, and chooses to cancel one benefit enrollment, indicate the following:</p> <ul style="list-style-type: none"> a) Can your organization accommodate different eligibility effective dates, such as end of the month of the last payroll contribution for the Health Care FSA and the end of the plan year for the Dependent Day Care FSA? Explain. b) Describe any debit card limitations or common issues associated with different eligibility effective dates.

11B-1.2 CAFETERIA PLAN ADMINISTRATION

11B-1.2.1	<p>How long has your organization been administering Section 125 plans?</p> <ul style="list-style-type: none"> a) How many Section 125 clients does your company currently have? b) What is your smallest group, based on eligible population? c) What is your largest group, based on eligible population?
11B-1.2.2	<p>Please describe your organization's experience administering plans sponsored by government agencies.</p> <ul style="list-style-type: none"> a) How many government agencies (state or local) does your company currently provide services to? b) What is your smallest government group, based on eligible population? c) What is your largest government group, based on eligible population?
11.B-1.2.3	Describe in detail your organization's previous experience in providing Services for clients with a similar number of employees with multiple payroll reporting agencies and multiple payroll cycles using a variety of data platforms and varying file formats, including electronic transfer via sFTP, FTP/S, virtual private network, encrypted e-mail, and/or paper.
11.B-1.2.4	<p>Please describe your organization's experience administering non-ERISA plans, including:</p> <ul style="list-style-type: none"> a) Compliance assistance and guidance. b) Reviewing and drafting plan documentation. c) Conducting non-discrimination testing.

11.B-1.2.5	Provide a detailed description and recent samples of any communication(s) provided to plan sponsors to educate them on regulatory changes.
11.B-1.2.6	Describe any additional customer service functions available to the Department in addition to dedicated account management.
11.B-1.2.7	Indicate your organization’s willingness to complete an annual program review. The Department would prefer for the review to include overall compliance, for both non-discrimination testing practices and plan documentation, and an evaluation for possible recommendations to make the plan more administratively efficient, compliant, participant friendly, and in keeping with industry best practices.
11.B-1.2.8	<p>Describe in detail any compliance consultation services provided by your organization to the Department as part of the Contract.</p> <ul style="list-style-type: none"> a) Provide the names and titles of any individual(s) the Department will be able to consult for compliance guidance. Indicate if this is a dedicated compliance consultant and/or consultation team. b) Include their position, qualifications, years of relevant experience, and location (local or home office). c) Indicate their years of relevant experience with government agencies. d) Indicate their years of relevant experience with non-ERISA programs.
11B-1.2.9	Describe any additional, non-standard consultation services that may be made available to the Department. Any additional fees should be included in the FORM H – Cost Proposal Workbook.
11.B-1.2.10	Describe any informational materials that would be made available to the Department and payroll center/benefits specialist staff to educate them on Section 125 plan documentation and non-discrimination testing. Such materials could include compliance bulletins, presentation slides, webinars, or videos. In lieu of paper copies, you may provide links to online electronic copies of informational materials.
11.B-1.2.11	Provide an overview and/or schedule of any standard trainings your organization conducts on annual basis, including but not limited to tax guidance and non-discrimination testing, that would be available to payroll center/benefits specialist staff.

11B-1.3 CLAIM SUBSTANTIATION

11B-1.3.1	<p>The Department requires that all unsubstantiated Health Care FSA and Limited Purpose FSA claims automatically enter into a progressive five-step recovery process:</p> <ul style="list-style-type: none"> ▪ Step 1 - Substation request notification ▪ Step 2 - Claim denial and card deactivation ▪ Step 3 - Plan correction payroll withholding ▪ Step 4 - Offset approach availability ▪ Step 5 - Business debt recovery by the State <p>Outline your organization’s ability to facilitate the five-step recovery process, including:</p>
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	<ul style="list-style-type: none"> a) Your recommended offset process for unsubstantiated claims. b) Samples of all pertinent unsubstantiated claim communications, both in letter and email format. c) Copies of all pertinent forms related to unsubstantiated claims. d) Your ability to provide accurate substantiation reports to payroll centers throughout the plan year. e) Your ability to provide accurate substantiation reports to payroll centers during the run-out period.
11.B-1.3.2	Can your organization deactivate a participant's debit card if a denied claim is not substantiated within 45 days? Explain the process.
11B-1.3.3	<p>In an instance when a participant's debit card has been deactivated due to an unsubstantiated claim, can your organization's system automatically reactivate the debit card once the claim is substantiated?</p> <ul style="list-style-type: none"> a) If so, describe the reactivation process and provide any pertinent details. b) If not, describe the reactivation process and average length of time until the debit card is reactivated.
11B-1.3.4	Describe your standard process to facilitate claims offset for unsubstantiated debit card transactions.
11.B-1.3.5	<p>Describe in detail any differences in the substantiation process between claims submitted via debit card and claims submitted manually via reimbursement request form or mobile application for all ERA programs, as well as how claims accuracy is ensured.</p> <ul style="list-style-type: none"> a) Specifically note any differences in the substantiation process between the Health Care FSA and Dependent Day Care FSA and explain the differences. b) Provide any pertinent statistics regarding the number of auto-substantiated debit card claims compared to manual claims for the Health Care FSA and Dependent Day Care FSA.
11B-1.3.6	<p>Describe the informational materials that may be developed by your organization to educate <u>participants</u> about substantiation. Educational materials may include but are not limited to the following:</p> <ul style="list-style-type: none"> a) Brochures and flyers. b) Participant guide language. c) Presentations, webinars, or informational videos. <p>Provide examples of any pertinent educational materials that may be used to communicate substantiation requirement information to participants.</p>
11B-1.3.7	<p>Describe the informational materials that may be developed by your organization to educate <u>administrators</u>, including payroll center and benefits specialists, about substantiation. Educational materials may include but are not limited to the following:</p> <ul style="list-style-type: none"> a) Brochures and flyers. b) Participant guide language. c) Presentations, webinars, or informational videos.

	Provide examples of any pertinent educational materials that may be used to communicate substantiation requirement information to administrators.
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11B-1.4 DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT

11B-1.4.1	<p>Per IRS regulations, the State does not allow carryover for the Dependent Day Care FSA.</p> <ul style="list-style-type: none"> a) Describe what measures your organization takes at the end of the plan year to prevent erroneous carryover. b) Provide samples of any standard communications sent to Dependent Day Care FSA participants prior to the end of the plan year, reminding them to utilize the remaining funds in their account.
11B-1.4.2	<p>Describe your organization's experience with participants mistakenly enrolling in the Dependent Day Care FSA when they meant to enroll in the Health Care FSA, or vice versa.</p> <ul style="list-style-type: none"> a) Explain what steps are typically taken to remedy any erroneous account type enrollments. b) Explain if there are any procedural differences between an erroneous account enrollment prior to the beginning of the plan year compared to mid-plan year.
11B-1.4.3	How does your system recognize and track qualified relative and dependent eligibility for claims? Describe any criteria or system capabilities you utilize.
11B-1.4.4	<p>Indicate if Dependent Day Care FSA expenses can be administered by using the debit card.</p> <ul style="list-style-type: none"> a) If so, are any additional steps required from the participant to utilize the debit card? b) Describe any debit card limitations or common issues associated with the Dependent Day Care FSA.

11B-1.5 PLAN DOCUMENTATION

11B-1.5.1	Describe your organization's previous experience in developing and maintaining plan documents for similar plans with numerous benefit offerings and multiple payroll reporting agencies.
11B-1.5.2	Describe your organization's previous experience in developing and maintaining plan documents for Non-ERISA government agencies.
11B-1.5.3	Provide at least two (2) sample Section 125 Plan, Plan Documents and Summary Plan Descriptions. These samples should ideally reflect a non-ERISA plan design and be similar to the plan design outlined in Appendix 7 – Section 125 Cafeteria Plan and Employee Reimbursement Account (ERA) Program Overview.
11B-1.5.4	Describe a sample revision schedule for a client's Section 125 Plan, Plan Document and Summary Plan Description. Please indicate what will be done, when, how often, and who

	will be responsible for each step, as well as your organization's preferred editing software and delivery method for draft materials.
11B-1.5.5	Describe what information and/or documentation are required from the Department in order to produce a Section 125 Plan, Plan Document and Summary Plan Description.
11B-1.5.6	Indicate how your organization would prefer to receive plan and/or benefit updates, including your desired communication method and frequency (e.g. ad hoc, quarterly).
11B-1.5.7	Describe your organization's ability to customize plan documentation for the Department. Provide examples beyond just name customization, if possible (e.g. the Department logo, colors, terminology).
11B-1.5.8	Does your organization provide any guarantees to meet plan compliance requirements resulting from the findings of a third - party audit (e.g. Department of Labor, Legislative Audit Bureau, etc.)? <ul style="list-style-type: none"> a) If so, describe the guarantee and provide any pertinent sample language/documentation. b) If not, please explain.

11B-1.6 NON-DISCRIMINATION TESTING

11.B-1.6.1	Identify the person(s) whose primary responsibility will be to coordinate non-discrimination testing activities, including supervision and training of vendor representatives, if applicable. <ul style="list-style-type: none"> a) Include their position, qualifications, years of relevant experience, and location (local or home office). b) Indicate their years of relevant experience with government agencies. c) Indicate their years of relevant experience with non-ERISA programs. d) Describe how testing responsibilities will be coordinated between the home and local office staff, if applicable.
11B-1.6.2	Please describe in detail the variety of Section 125 non-discrimination tests your organization provides.
11B-1.6.3	Based on the components outlined in the RFP, what non-discrimination tests does your company recommend for the Department?
11B-1.6.4	Describe your organization's previous experience in performing non-discrimination testing for similar plans with multiple payroll reporting agencies and multiple payroll cycles.
11B-1.6.5	Describe your organization's previous experience in performing non-discrimination testing for non-ERISA government agencies.
11B-1.6.6	Provide an overview of the policies and procedures your organization has in place to ensure that all non-discrimination testing data is collected completed and accurate. Describe any specific protocols in place to ensure accurate non-discrimination testing results.

11B-1.6.7	<p>What information does your organization require from the Department in order to conduct non-discrimination testing?</p> <ul style="list-style-type: none"> a) Indicate the file format specifications required for submission. b) State your organization’s preferred file delivery method (e.g. sFTP, secure email, etc.). c) Indicate the required demographic information, including but not limited to: <ul style="list-style-type: none"> • Number of eligible employees, • Identification of key employees/highly compensated employees, • Position classification information, and • Salary/compensation information.
11B-1.6.8	<p>Provide a sample standard annual non-discrimination testing schedule.</p>
11B-1.6.9	<p>Provide a sample annual non-discrimination testing project plan. The plan should include, but is not limited, to the following details:</p> <ul style="list-style-type: none"> a) A summary overview of the implementation plan. b) A detailed implementation schedule. c) Points of contact during non-discrimination testing. d) Major tasks. e) Constraints and/or risks. f) Data and program set-up/configuration process. g) An overview of the communication/education process. h) Issue elevation and resolution protocol. i) Testing verification and validation.
11.B-1.6.10	<p>Please describe your organization’s resolution process in the event of a test failure. Any additional costs should be included in FORM H – Cost Proposal Workbook.</p> <ul style="list-style-type: none"> a) Indicate if your organization provides guidance for correcting failures in order to bring the plan into compliance. b) Indicate the amount and type of assistance and/or guidance that will be provided to the Department (e.g. personal meetings on a weekly basis, bi-weekly conference calls, etc.). c) Describe when and how any additional/follow-up testing would be completed. d) In the event of a failure due to a data collection error (vendor or payroll processing center), how will your organization resolve the issue?

<p>11B-1.6.11</p>	<p>The current non-discrimination vendor holds informational meetings with each of the eight (8) separate payroll centers on an individual basis in advance of beginning annual non-discrimination testing. During these informational meetings, the current vendor provides an overview of the testing timeline and any pertinent changes, as well as reviews the details of required file specifications, and provides any necessary background information on non-discrimination testing for new payroll center staff.</p> <ul style="list-style-type: none"> a) Is your organization willing to continue conducting these informational meetings? b) Who from your organization would be responsible for conducting the meetings? Indicate the proposed number of staff and their qualifications. c) How many meetings would your organization be willing to conduct on an annual basis?
<p>11B-1.6.12</p>	<p>The current non-discrimination vendor holds additional meetings with each of the eight (8) separate payroll centers on an individual, as-needed basis. These meetings are intended for the vendor to provide additional assistance and/or guidance during the testing process, especially regarding file specifications.</p> <ul style="list-style-type: none"> a) Is your organization willing to continue conducting these additional guidance meetings? b) Who from your organization would be responsible for conducting the additional guidance meetings? Indicate the proposed number of staff and their qualifications. c) How many additional guidance meetings would your organization be willing to conduct on an annual basis?
<p>11B-1.6.13</p>	<p>Indicate whether a non-discrimination testing administrator guide can be developed and/or provided to payroll center/benefits specialist staff.</p> <ul style="list-style-type: none"> a) If possible, provide a sample non-discrimination administrator guide. b) What is the development timeline for a Department-specific non-discrimination testing administrator guide? c) What is the standard review timeline for the non-discrimination administrator guide (e.g. quarterly, annually)? d) How would the Department request ad-hoc edits to the non-discrimination administrator guide? e) What is the average turnaround time for edits? f) Where would the non-discrimination administrator guide be made available to the Department and payroll center/benefits specialist staff?

Appendix 11C

TECHNICAL QUESTIONNAIRE: COMMUTER FRINGE BENEFIT SUPPLEMENT

Applies to:

ETH0054 - Third Party Administration of Commuter Fringe Benefits

This Technical Questionnaire – Commuter Fringe Benefit Supplement is scored. (100 out of 500 total points)

The purpose of this questionnaire is to provide the Department and the Board with a basis for determining the Proposer’s capability to undertake the Contract.

All Proposers must respond to the following by restating each question or statement and providing a detailed written response. Instructions for formatting the written response to this questionnaire are found in RFP Section 2.4 Proposal Organization and Format. Reference “RFP Section 7 - Appendix 11C” at the top of your response document. The Proposal, at a minimum, must address the items listed below, and be organized in the order indicated below.

This Commuter Fringe Benefit Supplement is worth 100 points out of 500 total technical points and must be submitted in conjunction with Appendix 11 – Technical Questionnaire. Appendix 11 is worth 400 out of 500 points.

The Proposer must be able to perform Services according to the requirements contained in the RFP.

Information described in the Proposal response regarding programming and capabilities must be available to all eligible Participants unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the Board and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section. Associated costs should be listed in the FORM H – Cost Proposal Workbook only.

11C-1.1 ADMINISTRATION

11C-1.1.1	Confirm that your organization will allow an eligible participant to enroll in both a parking and a transit account. If not, explain why.
11C-1.1.2	The Department allows unlimited carryover for parking and transit accounts. a) Confirm that your organization can support the continuation of unlimited carryover. b) Describe the annual carryover process for parking and transit accounts. Be specific. c) Describe the protocols in place to ensure carryover funds are transferred accurately from one plan year to the next.

	<p>d) Describe all available carryover options, including immediate availability (January 1) and post-runout period (March 31). Does your organization have a preferred carryover fund availability date? If so, explain why.</p>
11C-1.1.3	<p>The State allows parking and transit account participants to change their election and enrollment at any time, with changes effective the first of the month following their change request.</p> <ul style="list-style-type: none"> • Describe the process a participant would be required to complete to change their election. • Confirm your organization can support enrollments at any time throughout the year and describe the enrollment process a participant would be required to complete.
11C-1.1.4	<p>Describe your organization's experience with participants mistakenly enrolling in the parking account when their employer already deducts their parking expenses via pre-tax payroll deduction.</p> <ol style="list-style-type: none"> a) Explain what steps are typically taken to prevent erroneous parking account enrollments. b) Explain if there are any procedural differences for remedying an erroneous parking account enrollment prior to beginning to the plan year compared to mid-plan year.
11C-1.1.5	<p>Describe in detail any differences in the substantiation process between claims submitted via debit card and claims submitted manually via a reimbursement request form or mobile application for both parking and transit accounts.</p>
11C-1.1.6	<p>Provide additional information regarding the ability for parking account participants to use their debit cards at parking facilities. In addition to the merchant list submitted in response to Appendix 11 question 11-1.4.12, provide the names and locations of public parking ramps and lots in Wisconsin major metropolitan areas where a participant may successfully use their debit card, including but not limited to:</p> <ul style="list-style-type: none"> ▪ Green Bay (54301, 54302, 54303, 54304, 54311, 54313) ▪ Madison (53703, 53704, 53705 53706, 53711, 53713) ▪ Middleton (53562) ▪ Milwaukee (53202, 53404, 53205, 53233)
11C-1.1.7	<p>Provide additional information regarding the ability for parking account participants to utilize alternate payment methods for parking services. For example, does your organization permit a participant to submit a reimbursement request for payment to be sent directly to a parking provider. Provide any pertinent details, including processing time or procedures for resolving common issues (e.g. lost check, insufficient parking account funds, etc.).</p>
11C-1.1.8	<p>Provide additional information regarding the ability for transit account participants to use their debit cards to purchase transit passes. In addition to the merchant list submitted in response to Appendix 11 question 11-1.4.12, provide the names and locations of mass transit vendors in Wisconsin major metropolitan areas where a participant may successfully use their debit card to purchase transit passes, including but not limited to:</p> <ul style="list-style-type: none"> ▪ Green Bay (54301, 54302, 54303, 54304, 54311, 54313) ▪ Madison (53703, 53704, 53705 53706, 53711, 53713)

	<ul style="list-style-type: none"> ▪ Middleton (53562) ▪ Milwaukee (53202, 53404, 53205, 53233)
11C-1.1.9	<p>Provide additional information regarding the ability for transit account participants to use their debit cards to purchase transit passes. In addition to the merchant list submitted in response to Appendix 11 question 11-1.4.12, provide the names and website addresses of any mass transit vendors where a participant may successfully use their debit card to purchase transit passes online. Provide any pertinent details, including standard delivery time and any associated delivery or transaction/processing fees the participant may be responsible for.</p>