RFP FOR ADMINISTRATION OF THE UT FLEX HEALTH CARE FLEXIBLE SPENDING ACCOUNT AND DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT PLANS

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1.0 INTRODUCTION

1.1 DESCRIPTION OF THE UNIVERSITY OF TEXAS SYSTEM

The Texas Constitution of 1876 provided that "the Legislature shall, as soon as practical, establish, organize and provide for maintenance, support and direction of a university of the first class, to be located by vote of the people of this State, and styled 'The University of Texas.'" In 1881, the 17th Texas Legislature passed an act to establish The University of Texas. Later that year, voters determined that the Main System was to be located in Austin and the Medical School was to be located in Galveston.

Today, The University of Texas System (System) includes nine (9) academic institutions in Arlington, Austin, Brownsville, Dallas, Edinburg (Pan American), El Paso, Odessa (Permian Basin), San Antonio and Tyler, plus six (6) health institutions in Dallas, Galveston, Houston (2), San Antonio and Tyler. In addition, the main System Administration office is located in Austin; however, many of the operations of System Administration are decentralized and therefore located in numerous areas of Texas, in Washington, D.C., and in other parts of the United States as well. Most institutions have their own payroll systems. The System has approximately 82,000 benefits-eligible employees who are eligible to participate in the Health Care Flexible Spending Account and Dependent Day Care Flexible Spending Account Plans. Retired employees are not eligible to participate in the Flexible Spending Account Plans.

The table below shows the name, location, and the approximate number of benefits-eligible employees associated with each institution in the System.

Location	The University of Texas System Institutions	Approximate Number of Benefits-Eligible Employees
Austin	The University of Texas at Austin	18,368
	The University of Texas System Administration	734
Brownsville	The University of Texas at Brownsville	1,232
Dallas	The University of Texas at Arlington	2,815
	The University of Texas at Dallas	2,163

	The University of Texas Southwestern Medical Center at Dallas	10,654
Edinburg	The University of Texas – Pan American	1,757
El Paso	The University of Texas at El Paso	2,222
Galveston	The University of Texas Medical Branch at Galveston	10,404
Houston	The University of Texas Health Science Center at Houston	5,039
	The University of Texas M.D. Anderson Cancer Center	16,780
Odessa	The University of Texas of the Permian Basin	346
San Antonio	The University of Texas at San Antonio	3,428
	The University of Texas Health Science Center at San Antonio	4,827
Tyler	The University of Texas at Tyler	583
	The University of Texas Health Science Center at Tyler	737
	TOTAL	**82,089**

Although the University of Texas Medical Branch has the majority of its employees in the Galveston area, it has employees in many other areas of the State involved in providing medical care to prisoners at the State prisons located in the central and eastern half of Texas. U. T. Austin has staff members at the Marine Science Institute in Port Aransas, Texas and at the astronomy observatory in Fort Davis, Texas. A small number of employees from several institutions either reside or work in other states.

1.2 OBJECTIVES OF THE REQUEST FOR PROPOSAL

The University of Texas System (the System) is soliciting proposals from qualified and appropriately licensed vendors to provide administration of the UT FLEX Health Care Flexible Spending Account and Dependent Day Care Flexible Spending Account Plans available to

active System employees through the System Group Employee Benefits Program, for the three-year period beginning September 1, 2010, through August 31, 2013, with at System's sole option the opportunity to renew for an additional three year period, subject to terms and conditions acceptable to the System. It is the System's intention to have a signed contract in place and begin implementation planning during February 2010.

1.3 SUMMARY OF CURRENT BENEFIT PLANS

The System currently provides Health Care Flexible Spending Account and Dependent Day Care Flexible Spending Account plans as authorized by Chapter 1601 of the Texas Insurance Code to its eligible active employees. Retired employees are not eligible to participate in these Flexible Savings Account plans. The Health Care Flexible Spending Account and the Dependent Day Care Flexible Spending Account plans were first offered to UT employees effective September 1, 1988. The current contract is administered by PayFlex Systems, USA.

The System has over 100,000 employees and retired employees plus approximately 100,000 dependents participating in the Group Employee Benefits Program. In addition, there are approximately 1,600 COBRA participants in the health plans. The System offers a self-funded medical PPO plan, UT SELECT, in all areas. Approximately 98,000 employees and retired employees and 76,000 dependents are covered by UT SELECT. UT SELECT medical benefits are currently administered by Blue Cross and Blue Shield of Texas, while pharmacy benefits are currently administered by Medco Health Solutions, Inc. (Medco).

The System also offers the following optional plans: a self-funded dental PPO plan currently administered by Delta Dental (UT SELECT DENTAL), a fully insured dental health maintenance organization currently administered by Assurant Employee Benefits, voluntary group term life and accidental death and dismemberment coverage Insurance, dependent group term life and accidental death and dismemberment coverage, and short and long term disability all currently offered through Fort Dearborn Life Insurance; as well as, vision care currently administered by Superior Vision, dependent medical, dependent dental, dependent vision care, and and long term care insurance currently offered through CNA. Participation in these plans is voluntary, and generally the premiums are fully paid by the participating employees and retired employees.

This summary of current plans is provided to illustrate the number of potential plan participants eligible for the Flexible Spending Accounts. Appendix C provides current System Flexible Spending Account plans' statistics, including current enrollment and plan

utilization data. The System's Office of Employee Benefits (OEB), located at System headquarters in Austin, Texas, administers all insurance plans provided by the System. A primary objective of the Group Employee Benefits Program is to maximize the benefits and services that eligible employees, retired employees and their covered dependents of the System receive for each dollar spent on insurance benefits. The duties of OEB are described elsewhere in this RFP.

CURRENT ENROLLMENT IN HEALTH CARE FLEXIBLE SPENDING ACCOUNT PLAN- 19,698 EMPLOYEES

CURRENT ENROLLMENT IN DEPENDENT DAY CARE FLEXIBLE SPENDING ACCOUNT PLAN - 2,546 EMPLOYEES

1.4 PURPOSE OF THIS RFP

Section 1601.054 of the Texas Insurance Code requires the System to submit all of its group insurance plan agreements for bid at least once every six years. In accordance therewith, the System is submitting for competitive bidding its UT FLEX Health Care Flexible Spending Account (HCFSA) plan, an Internal Revenue Code Section 105 medical expense reimbursement plan; and the UT FLEX Dependent Day Care Flexible Spending Account (DDCFSA) plan, an Internal Revenue Service Section 129 dependent care assistance plan. These plans are components of the System's self-funded flexible benefit plan (UT FLEX), a cafeteria plan established pursuant to Texas Insurance Code Section 1601.125.

The plans must be treated as separate plans with regard to any administration or other requirements imposed by Sections 105 and 129 of the Internal Revenue Code (IRC). The vendor must be a licensed third party administrator and in good standing with the Texas Department of Insurance.

The vendor will be responsible for ensuring that each plans' claims are processed in compliance with all applicable IRC provisions, including, but not limited to IRC Section 125, Texas Insurance Code Chapter 1601 and all other applicable federal and state laws and regulations. The vendor must be able to make claims reimbursement to plan participants by check, electronic fund transfers (direct deposit), and, for the HCFSA, through use of a debit card.

All qualified vendors, including the current contracting vendor, are invited to submit a proposal for administration of the UT FLEX Flexible Spending Account plans for the three-year term beginning September 1, 2010 and extending through August 31, 2013, to be renewable for an

additional three-year period from September 1, 2013 through August 31, 2016, at System's option.

To be eligible for consideration, a vendor must submit a proposal to the System for both the HCFSA and DDCFSA plans. A response that excludes either of the plans will not be considered by the System. Additionally, the vendor proposals must include a commitment to work closely with the System to ensure a seamless transition for the current UT FLEX participants, in the event the current plan provider is not selected for the new contract period.

1.5 SELECTION CRITERIA

Proposals submitted in response to this RFP will be evaluated on a basis of the criteria included in this section. The criteria are not necessarily listed in order of importance. The criteria will provide the basis for an objective evaluation of each proposal and will apply to both Flexible Spending Account plans.

1.5.1 Compliance with the RFP

Proposals containing deviations are strongly discouraged and must be specifically identified and described in detail in order to be considered. While a proposal with minor deviations from the RFP will not be disqualified, preference will be shown to those responding vendors with the fewest, least significant deviations. The System will interpret the responses to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final contract unless expressly accepted and agreed to by the System in writing and accepted by the Board of Regents. In all cases, the RFP, the RFP response, and contract terms shall control.

1.5.2 Required Experience

The responding vendor must demonstrate experience in providing benefits to a large public employer plan or similar operation.

1.5.3 Time Table

The responding vendor's ability to meet the required due dates as specified in the Time Table in Section 10.0 of this RFP will be an important consideration in the evaluation of the vendor proposals.

1.5.4 Data Transmission

The responding vendor's ability to provide data transmission, as specified in this RFP, will be an important consideration in the selection process. Some of the features include the following:

- A management information system that will support database maintenance and management reporting required herein.
- The responding vendor's ability to accept eligibility datasets via the Internet and to reflect updated eligibility in a timely manner.
- The responding vendor's ability willingness to accept Security Assertion Markup Language (SAML) as described in Section 7.2.6 of the RFP by no later than three months after the first day of the first plan year in which the vendor offers the FSA plans to System uniform group insurance program subscribers.

1.5.5 Customer Service

The responding vendor's ability and willingness to provide customer service according to the standards specified in this RFP include the responding vendor's:

- Customer service and data reporting capabilities.
- Ability to provide general administrative services.
- Willingness to commit to specified service and quality performance levels.
- Willingness to provide communications and personnel for attendance at the Insurance Briefing Meeting for the System HR/Benefits offices (usually held in Austin for two days in June) and state-wide attendance at Annual Enrollment meetings for employees (usually during the entire month of July).
- Ability to provide all of the component institutions with on-site training for each plan prior to May 28, 2010.
- Ability to meet the Electronic Information Resources warranty requirement described in Section 8.4.3 of this RFP.

1.5.6 The Contract

Important factors in the selection criteria include the responding vendor's willingness to accept the provisions of the System contracts (see Sample Contracts in Appendix D) and to sign the contract without deviations.

1.5.7 Administrative Fee

Administrative fees are a crucial factor, but not the only factor, in selecting a proposal. Sections 4.5 and 13.0 of this RFP provide more details.

1.5.8 Other Factors

Based on responses provided to the interrogatories, other factors are considered, including the following:

- The responding vendor's financial stability.
- An organizational structure and a delivery mechanism that have demonstrated ability to deliver cost-effective Flexible Spending Account (FSA) benefits.
- The information received from the responding vendor's list of references.
- The responding vendor's versatility in providing FSA solutions based on current and future business needs.

The System reserves the right to make site visits to selected finalists and to utilize information gained in the site visits in the evaluation process.

2.0 GENERAL INFORMATION AND REQUIREMENTS

2.1 THE BENEFIT YEAR OR PLAN YEAR

The System's benefits Plan Year begins on September 1st and ends the following August 31st. This period corresponds with the fiscal year of the System and the State of Texas.

2.2 CONFLICT OF INTEREST

No member of the System Board of Regents or System employees (including the Chancellor, Vice Chancellor for Administration, Assistant Vice Chancellor for Employee Services, and Office of Employee Benefits management) may have any direct interest in the awarding of the Contract or any indirect conflict of interest involving the vendor, including but not limited to any financial interest.

2.3 AGENT OF RECORD

The System will not designate an Agent of Record or any other such company employee or commissioned representative. All requests for the System to provide such designation shall be rejected. An officer of the responding vendor may designate a company representative to service the Contract. Vendors are specifically instructed to submit proposals directly to the System as specified herein in Sections 2.9.4 and 2.31. Proposals submitted through a third party agent will not be accepted.

2.4 NEWS RELEASES

Written approval by the System will be required prior to the vendor's issuance of any news release or other public communication regarding any Contract awarded to a responding vendor.

2.5 RESPONSES, ORDERING OF CONTENTS, DEVIATIONS

The content of all responses submitted must be ordered to correspond with the specifications as they appear in this RFP. Unless a deviation is specifically noted in a response, it will be assumed that the responding vendor agrees to meet all specifications exactly as set forth in this RFP.

2.6 RESERVATION OF RIGHTS

2.6.1 The System retains the right to reject any and/or all proposals submitted and/or call for new proposals. The System is not required to select the proposal with the lowest administrative fee, but shall take into consideration other factors as described herein. The System reserves the right to enter into discussions and negotiations with one or more vendors selected at its discretion to determine the best and final terms. The System is not under obligation to hold these discussions or negotiations with each responding vendor that submits a proposal. The System is under no legal obligation to execute a Contract on the basis of this RFP or upon receipt of a proposal.

2.6.2 The System specifically reserves the right to revise any or all RFP or Contract provisions set forth at any time prior to the System's execution of a Contract where the System deems it to be in the best interest of the System FSA plans and its participants.

2.6.3 The System reserves the right to audit/validate all materials and responses submitted with the vendor's proposal.

2.7 Terms of Acceptance

It is the intent of the System, at this time, to enter into a three-year contract for the provision of FSA plans beginning September 1, 2010. At the System's option, this Contract may be renewed for an additional three-year period beginning September 1, 2013, subject to terms and conditions acceptable to the System.

2.8 Use of System information for Solicitation prohibited

The selected vendor must specifically agree that it shall never use any information about System employees received from any source for any marketing purpose, or to solicit business of any other type. This agreement extends the provision to other vendors' lists of System employees, discussions, advertisement, distribution, or other marketing by the vendor or a parent or subsidiary to coverage, products, or materials other than those explicitly relating to the selected vendor's participation in the System FSA plans. This prohibition applies to any use of the vendor's System-specific Web site. This prohibition applies even after termination of the Contract.

2.9 System's Historically Underutilized Business (HUB) Program

The System is committed to providing full and equal opportunity for all businesses to provide goods and services needed in support of the System's missions. This effort is carried out through the System Historically Underutilized Business (HUB) Program. The HUB program ensures compliance with state HUB laws and educates the university and business communities about the benefits of using HUB vendors. In all contracts for professional services, contracting services, and/or commodities with an expected value of $100,000 or more, the System must indicate in the purchase solicitation whether the System has determined that subcontracting opportunities are probable in connection with the contract. A HUB Subcontracting Plan is a required element of the vendor response to the RFP.

2.9.1 All agencies of the State of Texas are required to make a good faith effort to assist historically underutilized businesses (each a "HUB") in receiving contract awards. The goal of the HUB program is to promote full and equal business opportunity for all businesses in contracting with state agencies. Pursuant to the HUB program, if under the terms of any agreement or contractual arrangement resulting from this RFP, the Contractor subcontracts any of the Program, then the Contractor must make a good faith effort to utilize HUBs certified by the Procurement and Support Services Division of the Texas Comptroller of Public Accounts. Proposals that fail to comply with the requirements contained in this Section 2.9 will constitute a material failure to comply with advertised specifications and will be rejected by System as non-responsive. Additionally, compliance with good faith effort guidelines is a condition precedent to awarding any agreement or contractual arrangement resulting from this RFP. Proposing vendor acknowledges that, if selected by System, its obligation to make a good faith effort to utilize HUBs when subcontracting any of the Program will continue throughout the term of all agreements and contractual arrangements resulting from this RFP. Furthermore, any subcontracting of the Program by the vendor is subject to review by System to ensure compliance with the HUB program.

2.9.2 System has reviewed this RFP in accordance with Title 34, *Texas Administrative Code*, Section 20.13 (a), and has determined that subcontracting opportunities are probable under this RFP.

2.9.3 A HUB Subcontracting Plan ("**HSP**") is required as part of vendor's proposal. The HSP will be developed and administered in accordance with System's Policy on Utilization of Historically Underutilized Businesses attached as **APPENDIX F** and incorporated for all purposes.

*Each proposing vendor must complete and return the HSP in accordance with the terms and conditions of this RFP, including **APPENDIX F**. Vendors that fail*

to do so will be considered non-responsive to this RFP in accordance with Section 2161.252, Texas Government Code.

The Contractor will not be permitted to change its HSP unless: (1) the Contractor completes a newly modified version of the HSP in accordance with the terms of **APPENDIX F** that sets forth all changes requested by the Contractor, (2) the Contractor provides System with such a modified version of the HSP, (3) System approves the modified HSP in writing, and (4) all agreements or contractual arrangements resulting from this RFP are amended in writing by System and the Contractor to conform to the modified HSP.

2.9.4 Proposing vendor must submit three (3) originals of the HSP to System at the same time it submits its proposal to System (ref. Section 2.31 of this RFP.) The three (3) originals of the HSP must be submitted under separate cover and in a separate envelope (the "HSP Envelope") that is attached to the outside of the box containing the other proposal materials submitted by the vendor or otherwise provided contemporaneously with the other proposal materials. Vendor must ensure that the top outside surface of its HSP Envelope clearly shows and makes visible:

2.9.4.1 The RFP title (ref. cover page of this RFP) and the Submittal Deadline (ref. Section 2.31.1 of this RFP), both located in the lower left hand corner of the top surface of the envelope,

2.9.4.2 The name and the return address of the proposing vendor, and

2.9.4.3 The phrase "HUB Subcontracting Plan".

Any proposal submitted in response to this RFP that is not accompanied by a separate HSP Envelope meeting the above requirements will be rejected by System and returned to the vendor unopened as that proposal will be considered non-responsive due to material failure to comply with advertised specifications. It is the vendor's sole responsibility to ensure that the HSP arrives concurrently with the other proposal materials. System will open a vendor's HSP Envelope prior to opening the proposal submitted by the vendor, in order to ensure that the vendor has submitted the number of completed and signed originals of the vendor's HUB Subcontracting Plan ("HSP") that are required by this RFP. A VENDOR'S FAILURE TO SUBMIT THE NUMBER OF COMPLETED AND SIGNED ORIGINALS OF THE HSP THAT ARE REQUIRED BY THIS RFP WILL RESULT IN SYSTEM'S REJECTION OF THE PROPOSAL SUBMITTED BY THAT VENDOR AS NON-RESPONSIVE DUE TO MATERIAL FAILURE TO COMPLY WITH ADVERTISED SPECIFICATIONS; WITHOUT EXCEPTION SUCH A PROPOSAL WILL BE RETURNED TO THE VENDOR UNOPENED.

Note: The requirement that the proposing vendor provide three originals of the HSP under this Section 2.9.4 is separate from and does not affect vendor's obligation to provide System with the number of copies of its proposal as specified in Section 2.31 of this RFP.

2.10 SUBCONTRACTORS

Any planned or proposed use of subcontractors by the vendor must be clearly disclosed and documented in the Proposal and agreed to by the System The vendor shall be completely responsible for all services performed and fulfillment of its obligations under the Contract even if such services are delegated to a subcontractor. Any proposal to utilize subcontracting must be addressed in the vendor's Subcontracting HUB Plan. See Section 2.9, *supra.*

2.11 CERTIFICATION

An authorized officer of any responding vendor submitting a proposal must certify that the proposal complies with the RFP specifications by signing and returning the Signature Page in Section 13.0 of this RFP.

2.12 ADDITIONAL INFORMATION FROM RESPONDING VENDORS

System reserves the right to request additional documentation and responding vendor agrees to provide the information requested.

2.13 DEFINITIONS

Unless otherwise noted, for purposes of this RFP and any responses provided, the terms "employee", "dependent", "optional coverage", "retired employee", and "The University of Texas System ("System"), shall have the same meaning as set forth in Chapter 1601 of the Texas Insurance Code. A copy of the entire statute is found in Appendix E of this RFP.

2.14 REFERENCES

Each responding vendor must provide a list of current major customers for their FSA coverage, as requested in this RFP. These customers may be contacted by the System to provide information regarding the vendor's overall record of service in providing the program for their employees.

The provision of references by the responding vendor shall constitute verification that the System has the responding vendor's permission to contact these organizations and obtain any required information without obtaining further permission from the responding vendor.

2.15 NON-RESPONSIVE PROPOSALS

The System will not accept for consideration any proposals that do not comply with the criteria set forth herein. Failure to address any of the RFP requirements may result in rejection of a proposal.

2.16 CONFIDENTIAL STATUS, DISCLOSURE OF PROPOSAL CONTENTS

As a state institution of higher education, the System is subject to the Texas Public Information Act, Chapter 552 of the Texas Government Code ("the Act"). System has no authority to enter into a confidentiality agreement in contravention of the Act. Until any announcement regarding the selection or rejection of a proposal has been made by System, System shall deem and argue to the Attorney General in response to public information requests submitted under the Act that all proposals received in response to this RFP submitted by vendors organizations are confidential under the Act during the bidding process. However, once the RFP process is terminated, this exception no longer applies. At that time, if System receives a public information request for a proposal, it shall make a good faith effort pursuant to the Act, to notify the vendor of the request, at which time it shall become the vendor's sole responsibility to submit in writing to the Attorney General reasons why the information should be withheld such as the exception applicable to certain commercial information.

In order to ensure that it can claim this exemption, the responding vendor must designate in its proposal and any accompanying materials any information it believes to be exempt from disclosure and provide legal justification for each instance. The responding vendor acknowledges and agrees that by submitting a proposal, the responding vendor indicates that it understands and agrees that System shall have no liability to the responding vendor or any other person or entity for disclosure of information in accordance with the Act.

It is the responding vendor's sole obligation to advocate the confidential or proprietary nature of any information it provides in its proposal. Responding vendors should be aware that the Texas Attorney General may determine that all or part of the claimed confidential or proprietary information should be disclosed. The System shall not advocate the confidentiality of the responding vendor's material to the Texas Attorney General or to any other person or entity. The responding vendor also understands and agrees that pursuant to the Act, the System may be required to release the responding vendor's entire proposal, including alleged information confidential or proprietary, upon request from a member of

the Legislature where needed for legislative purposes. This section applies to all proposing vendors regardless of whether a contract is awarded as the result of this RFP.

2.17 Compliance with Applicable Law, Changes Required by Statute or Regulation

All proposals must comply with all applicable laws and regulations including, but not limited to, the following:

- State and federal laws and regulations; and
- Rules promulgated by the Texas Department of Insurance.

The System recognizes that the requirements of these laws and regulations may change. The System requires a good faith effort on the part of the selected vendor to comply with additional responsibilities imposed by federal or state law without requiring mid-year administrative fee increases. The System reserves the right to negotiate with the contracting vendor to comply with any changes required by state or federal law or regulation.

2.18 Member Identification

The System issues unique 8-digit alphanumeric Benefits Identification (BID) numbers as the reference numbers to identify plan subscribers and their dependents (collectively referred to herein as "participants". The vendor must be able to identify a participant and/or the participant's coverage using the System issued BID during any telephone call, unencrypted electronic communication, or printed report. Vendors must be able to comply with all federal and Texas state legislation, as well as System policy. applicable to the protection and use of Social Security Numbers, including the limitations placed on the use of Social Security Numbers on ID cards and plan documents by Section 35.58 of the Texas Business and Commerce Code, CONFIDENTIALITY OF SOCIAL SECURITY NUMBER. The selected vendor must be able to coordinate with the System to fully comply with all applicable laws relating to the security, protection and use of plan participants' Social Security Numbers. Social Security Numbers may not be transmitted over the internet unless the data is encrypted.

2.19 HIPAA Compliance

The System's self-funded health plan, which includes the HCFSA, is a Covered Entity for purposes of the Health Insurance Portability and Accountability Act, codified at 42 USC § 1320d through d-8 (HIPAA), and any regulations, rules, and mandates pertaining to the HIPAA privacy and security rules, including the HITECH Act amendments added by the

American Recovery and Reinvestment Act (ARRA) of 2009, as well as any applicable state medical records privacy requirements. The vendor will be required to comply with the System's privacy and information security policies as well as HIPAA, as a Business Associate. The vendor contract includes a Business Associate Agreement.

2.20 Exemption from State Taxes

Coverage provided by the System is exempt from state premium and maintenance taxes.

2.21 Nondiscriminatory Practice

A selected vendor shall not discriminate against eligible System employees by excluding, seeking to exclude, or otherwise imposing restrictions on services or benefits on the basis of gender, race, national origin, religion, age, sexual orientation, veteran status, disability, or pregnancy.

2.22 Binding Arbitration Clause Exclusion

Each proposal must specify that the vendor will not impose a binding arbitration requirement upon a plan participant. A proposal containing a requirement that plan participants must agree to engage in binding arbitration will not be accepted by the System.

2.23 Retention of Proposals

All proposals submitted become the sole property of the System. During the evaluation process, the System shall make reasonable efforts as allowed by law to maintain proposals in confidence, and shall release proposals only to personnel involved with the evaluation of the proposals and implementation of the Contract unless otherwise required by law. See Section 2.16 (supra) for additional information.

2.24 Modification

No proposal may be changed, amended, or modified after submission to the System except to correct an inadvertent error.

2.25 Addenda to RFP, Inquiries Regarding Specifications

All questions and comments related to the RFP must be sent via e-mail by using the appropriate e-mail link on the RFP Web site:

http://utdirect.utexas.edu/rfp/

Any response to an inquiry that alters an interpretation of, or requires a change to, this RFP will be posted as addenda on the RFP Web site. All vendors will be responsible for regularly checking this Web site for RFP addenda and other announcements. All addenda issued by the System prior to receipt of a proposal shall be considered part of the RFP. All responding

vendors are required to acknowledge all of the addenda issued on the space provided on the Signature Page of this proposal.

To ensure that all replies can be provided to all prospective responding vendors prior to the deadline for submission of proposals, no questions received after 5:00 PM (Central Time) on January 18, 2010 will be considered or responded to by the System.

2.26 Changes Required by Statute, Regulation, Court Order or Program Appropriations

The System acknowledges that certain factors may necessitate change in the FSA plan benefits and administration. Examples of such factors include but are not limited to:

- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings; and
- Changes in anticipated funding appropriated by the Texas Legislature.

The vendor agrees to make a good faith effort to comply with any additional responsibilities or changes to the FSA plans imposed as a result of the above factors, and other similar factors that may arise. Such factors may require plan design changes and/or an increase or decrease of vendor fees. The vendor agrees to cooperate with the System to effect any such changes and to execute any agreements that may be required as a result. However, should a mandated change materially affect the vendor's obligations under the Contract, the System reserves the right to negotiate with the vendor regarding any fee increase (or decrease) that may be appropriate under the circumstances, as provided in the Contract.

2.27 Vendor Initiated Changes to Vendor Account Team

The vendor must notify the System in writing prior to making any changes to the designated System account team, or other areas, which are likely to impact the fully insured GTL and AD&D plans. The System reserves the exclusive right to determine if these potential changes may be applied to the System, and if so, when they shall apply.

2.28 Teleconference for Interested Vendors

To provide representatives of interested vendors an opportunity to pose questions regarding the specifications and selection process, the System has scheduled a teleconference for prospective respondents Wednesday, January 6, 2009 to begin at 10:00 am. If you are interested in attending this event, please register on-line at http://utdirect.utexas.edu/rfp and make note of the teleconference call-in number and access code.

2.29 Finalist Interview

Following the System's initial review of the RFP Proposals, if a vendor is selected as a finalist in the vendor selection process, the System may, at its sole option, request that personnel from the vendor, at the vendor's expense, attend a meeting at a System-designated location to clarify responses and to answer questions regarding the vendor's Proposal. If the System deems necessary, a site visit to the vendor may be conducted during the RFP review period at the System's expense.

2.30 MATERIALS

A copy of all materials to be used by the vendor in administering the FSA plan benefits must be provided as requested in Section 8, *Communication Requirements*. The System retains the right to review and approve all such documents prior to distribution. The vendor is required to submit proposed marketing and other informational materials in the System's required format according to deadlines to be set by the System. The cost for preparation of these materials for the term of the Contract should be included in the proposed premium rates quoted by the vendor.

2.31 SUBMISSION OF PROPOSALS

Only proposals submitted in compliance with the following will be accepted by System:

2.31.1 One (1) signed original proposal signed with blue ink and clearly marked "Original", and ten (10) identical copies of the proposal must be received by the System on or before 3:00 PM (Central Time), on Friday, January 22, 2010. The original and copies of the proposal should be delivered to:

Laura C. Chambers, Director

Office of Employee Benefits

The University of Texas System

702 Colorado Street, Suite 2.100

Austin, Texas 78701-3043

2.31.2 A responding vendor must submit two (2) electronic versions of the proposal on separate disks or CD's using Microsoft Word, Excel or Access. The electronic versions must be labeled with the vendor name and the title of this RFP.

2.31.3 Proposals must be valid for one hundred twenty (120) days following the proposal receipt date. The proposed premium rate(s) must be firm and guaranteed for at least three (3) years beginning September 1, 2010 through August 31, 2013.

2.31.4 Proposals and any other information submitted by responding vendors in response to this RFP shall become the property of System and will be subject to Section 2.16, Disclosure of Proposal Contents, of this RFP.

2.31.5 The System will not provide compensation to responding vendors for any expenses incurred by the vendors for proposal preparation or for any demonstrations, unless otherwise expressly stated in writing by the System. Responding vendors shall submit proposals at their own risk and expense. Materials submitted with the RFP will not be returned to the vendor.

2.31.6 Proposals containing deviations, or items not called for in the RFP documents, or irregularities of any kind are subject to disqualification by the System, at its option.

2.31.7 Each proposal must provide a succinct and concise description of the responding vendor's ability to meet the requirements of the RFP. Emphasis should be on completeness, clarity of content, responsiveness to the requirements, and an understanding of the System's needs.

2.31.8 Representations made within the proposal will be binding on the responding vendor. The System will not be bound to act by any other previous communication of any type or non-conforming proposals submitted by a responding vendor.

2.31.9 A Table of Contents with page number references must be included. The Table of Contents should include sufficient detail to facilitate easy reference to the sections of the proposal, as well as separate attachments. Any supplemental information and attachments not requested in the RFP, but are included in the proposal, should be clearly identified in the Table of Contents and provided as a separate section in the proposal.

2.31.10 The materials, other than the HUB Subcontracting Plan ("HSP", must submitted must be enclosed in a sealed envelope, box, or container. The HSP must be affixed to the outside of the box or otherwise provided so as to arrive concurrently with the other material. The package must show clearly the submittal deadline, the responding vendor's name, and the responding vendor's return address.

2.31.11 Late proposals will not be accepted or considered under any circumstances. Late proposals properly identified will be returned to the responding vendor unopened at the responding vendor's expense. Other late proposals will be held at the Office of Employee Benefits (OEB) for 30 days and then discarded.

2.31.12 Telephone proposals or proposals transmitted electronically are not acceptable responses to this RFP.

3.0 THE CONTRACT

The Contract shall be in the format specified by the System. The Contract will incorporate the RFP, the responding vendor's proposal thereto, and any other information the responding vendor may be required to provide. Until a Contract has been executed and signed, the RFP and the selected vendor proposal will be binding. A Sample Contract is included in the RFP as Appendix D. Proposals containing proposed changes to the Sample Contract will not be considered.

3.1 INTRODUCTION

No Contract will be executed until the System has accepted the responding vendor's proposal and the System has notified the responding vendor of its approval. The Contract will be for a three-year term beginning on September 1, 2010 and extend through August 31, 2013, to be renewed at the System's option for an additional three-year period unless terminated as provided herein or in the Contract. If the current vendor submits a proposal and is not selected, the current vendor shall continue to perform in good faith all obligations under its existing contract with the System.

The System and the contracting vendor shall agree and acknowledge, as applicable, that the FSA services to be provided under the Contract will be provided from September 1, 2010 through August 31, 2013. However, the System and the contracting vendor shall also agree and acknowledge that there are duties and obligations specified by the RFP to be performed prior to September 1, 2010 and following August 31, 2013, and the Contract will specify that the parties agree to perform all such duties and obligations, and that all applicable damage provisions shall be in effect as to these duties and obligations.

The Contract shall comprise the complete and exclusive statement of each agreement between the System and the contracting vendor and supersede all prior or contemporaneous agreements, negotiations, course of prior dealings, and oral representations relating to the subject matter hereof.

The System has specific contracting requirements that cannot be waived or altered. All vendors should carefully review the Sample Contract in Appendix D, particularly the provisions on Indemnification, Auditing and the EIR Warranty. If a responding vendor takes exception to any terms or conditions set forth in the contract, the responding vendor must submit a list of the exceptions as part of its proposal. The responding vendor's exceptions

will be reviewed by the System and may result in disqualification of the vendor's proposal as non-responsive to this RFP. If the responding vendor's exceptions do not result in disqualification of the vendor's proposal, the System may consider the responding vendor's exceptions when the System evaluates the responding vendor's proposal. Submission of an altered Sample Contract as part of a proposal shall cause the System to reject a proposal, despite other factors of the evaluation.

In the event that a contracting vendor fails or refuses to perform any of its duties or obligations as provided by the Contract, the System, without limiting any other rights or remedies it may have by law, equity or under contract, will have the right to terminate the Contract immediately. Notwithstanding such termination, certain obligations of the vendor shall survive the termination of the Contract.

At any time during the term of a Contract and for a period of four (4) years thereafter, the System or a duly authorized audit representative of the System, or the State of Texas, at its expense and at reasonable times, reserves the right to audit the contracting vendor's records and books relevant to all services provided under the Contract. In the event such an audit reveals any errors/overpayments by the System, the contracting vendor will be required to refund the full amount of such overpayments within thirty (30) days of such audit findings, or the System may, at its option, reserve the right to deduct such amounts from any payments due the vendor.

The contracting vendor must agree not to publicize the Contract or disclose, confirm or deny any details thereof to third parties or use any photographs or video recordings of the System's employees or use the System's name in connection with any sales promotion or publicity event without the prior, express, written approval of the System.

This Contract is for the personal services of the vendor and the vendor's interest in such agreement. Duties assigned to the vendor under the contract may not be assigned or delegated to a third party.

3.2 FAILURE TO COMPLY

Failure to comply with the procedures required by the RFP or any other applicable guidelines shall be cause for immediate suspension or cancellation of the Contract. A suspended or canceled vendor that provides coverage or services will not be permitted to accept new enrollees, but must continue to provide coverage for those employees whose effective date was prior to the date of suspension or cancellation. Any suspension will remain in effect until System is satisfied that circumstances resulting in suspension have been corrected.

Upon the loss of the contracting vendor of any licensure or certification required by Texas law to provide a service required under the Contract, or the filing of a petition for bankruptcy, or upon judgment of bankruptcy or insolvency by or against the contracting vendor, the System may terminate the Contract for cause without notice.

3.3 NOT AN ERISA PLAN

As a governmental entity, the System is not subject to the provisions of the Employee Retirement and Income Security Act (ERISA).

3.4 COMPLIANCE WITH TEXAS DEPARTMENT OF INSURANCE RULES

Nothing in any agreement between the System and a contracting vendor shall be construed to require any action that is prohibited by, or in conflict with, an applicable provision of the Texas Insurance Code or an applicable rule or regulation of the Texas Department of Insurance (TDI).

3.5 VENDOR ID NUMBERS

A responding vendor must obtain a Vendor Identification Number issued by the Comptroller of Public Accounts of the State of Texas. The vendor will be required to complete and submit a Payee Identification Form in order to receive payment.

3.6 AUTHORIZED SIGNATURES

The Chief Executive Officer, General Counsel, or an authorized officer of the responding vendor must sign the Contract. The proposal must state the name and office of the individual who will sign the Contract on behalf of the vendor and include documentation verifying that the individual has the authority to do so.

3.7 RELATIONSHIP OF PROPOSAL TO CONTRACT

Any contract resulting from the selection of a vendor by the System shall incorporate by reference the Policy to be issued by the vendor to System, the RFP including Appendices, the vendor's response thereto, and any other information the vendor may be required to provide.

3.8 OTHER REQUIREMENTS

Any Contracts issued in accordance with this RFP will be for total administration of, as applicable, the Health Care FSA and the Dependent Care FSA plans, and must include all administrative performance requirements as described in this RFP.

4.0 FINANCIAL REQUIREMENTS

Upon the loss by a contracting vendor of any licensure or certification required by Texas law to provide a service required under the Contract, or the filing of a petition for bankruptcy, or upon a judgment of bankruptcy or insolvency by or against the contracting vendor, the System may terminate the Contract for cause without notice. This section survives the termination of the Contract.

4.1 VENDOR FINANCIAL STRENGTH

To be eligible for consideration, the vendor must have a net worth of at least $5 million as demonstrated by an audited financial statement as of the close of the vendor's most recent fiscal year. To affirm financial capability, the vendor must submit the vendor's most recent audited financial report.

4.2 FUNDING FOR UT FLEX DISBURSEMENTS

4.2.1 Banking Arrangements

The System will establish an account in Texas at a financial institution of choice for the purpose maintaining participant contributions and for the funding of claim disbursements. The System will fund this account adequately for transactions initiated on its behalf by the vendor. The System will be responsible for all banking fees associated with the creation and maintenance of this account. Authorized signature on the account will be restricted to System employees and a facsimile will be provided to the vendor for purposes of issuing printed checks.

4.2.2 UT FLEX Claims Processing

Claim disbursements by direct deposit and by check are required of the vendor. The debit card option for the HCFSA, as outlined in RFP Section 5.7.15 is also required of the vendor. OEB requires the vendor to provide a UT FLEX claims data file on a daily basis which supports the disbursement activity reported to the financial institution as outlined in Section 7.2.8 UT FLEX Claims Data Transmission.

4.3 ANNUAL ACCOUNTING OF PARTICIPANT ACTIVITY

Within 30 days of the end of the run-out period for each plan year, the vendor will provide the System with an accounting by participant showing the annual election, total

contributions, total claims disbursed, and a balance. The vendor will be required to assist the System in the resolution of any discrepancies that may arise in the review of the annual accounting for each plan year.

4.4 AUDIT OF VENDOR

The System reserves the option to conduct an audit of the vendor's administration of the UT FLEX Plan. The System shall determine the scope of the audit and the vendor must be prepared to support the activities of the selected auditor.

4.5 ADMINISTRATIVE FEE REMITTED BY THE SYSTEM TO VENDOR

Each month, the administrative fee will be determined by multiplying the number of participants by the administrative fee. The System will remit the administrative fee to the vendor within sixty (60) days from the beginning of the coverage period. The System encourages the vendor to resolve any Administrative Fee discrepancy within 30 days following the receipt of payment. RFP Section 7.2.4 provides further explanation of the factors used in calculating the Administrative Fee remitted on a monthly basis.

4.6 VENDOR'S ADMINISTRATIVE FEE PROPOSAL

The administrative fee quoted in RFP Section 13.0 should be inclusive of all expenses involved in the administration of UT FLEX. The administrative fee quotations should include all vendor expenses and profit margins. It should be adequate to cover all expenses incurred during the period of the contract and during any run-off period following the termination of the contract. No additional fees will be paid to the vendor after termination of the contract. The following list contains examples of expenses to include in the administrative fee:

- Assistance with creating communications to System HR/Benefits offices and UT FLEX Participants
- Contracting for the issuance and processing of debit card transactions
- Assistance writing the Summary Plan Description
- Travel cost to attend June Benefits Training Workshops, on-site training for component institutions, and Annual Enrollment meetings at component institutions
- Claims processing, adjudication, and substantiation
- Communication to participants if more information is needed to properly reimburse claims

- Recovery of over-payments and other errors
- General administration
- Legal and other technical assistance
- Information technology requirements including any necessary "Web site accessibility remediation"
- The System-specific web site and online claims
- Status for participants
- Reporting

4.7 Determination of Renewal Administrative Fees

The vendor is required to guarantee its administrative fees for the thirty-six (36) month contract period from September 1, 2010 through August 31, 2013.

The vendor will be required to commit to good faith discussions with the System prior to February 1, 2013 (approximately 210 days before the end of the contract period), to determine rates for the succeeding contract period. If an agreement on rates cannot be reached prior to the 210-day period before the end of a plan year, the System reserves the right to submit the plan for competitive bidding.

The System reserves the right to cancel the contract at the end of the 36-month contract period if, in its judgment, the administrative fees proposed by the vendor for the following 36 months are excessive.

4.8 Actuarial/Financial Contact

Responding vendors must provide the name, mailing address, e-mail address, telephone number, and fax number of the actuarial/financial personnel responsible for the preparation of the FSA plan vendor's rates. The named person should be capable of responding to inquiries concerning the rates and must cooperate with requests for information made by the System or its consulting actuaries.

5.0 FLEX PLAN DESCRIPTION

5.1 THE PLAN YEAR AND PERIOD OF COVERAGE

The plan year begins September 1st of each year, and ends the following August 31st. These dates correspond to the fiscal year of the System and the State of Texas. The UT FLEX plan document allows a participant to submit claims through November 30 after the end of each plan year on August 31. Participants in the HCFSA plan are allowed a grace period of an additional 75 days after August 31 (ending November 15) to expend any remaining HCFSA balance from the previous plan year's HCFSA election. The current vendor will administer the claims filed for the current year (FY 2010) through November 30, 2010.

The period of coverage is the period of time during which a participant was enrolled in UT FLEX and making contributions to the UT FLEX program.

5.2 THE THREE PARTS OF UT FLEX

The System currently provides flexible spending accounts (UT FLEX) to eligible employees as authorized by Chapter 1601.152 of the Texas Insurance Code. This FLEX plan became effective in 1988. The current UT FLEX plan booklet can be found in Appendix A and at http://www.utsystem.edu/benefits/pubs/

The UT FLEX Program has the following parts:

- Insurance Premium Redirection Plan
- Health Care Flexible Spending Account (HCFSA) Plan
- Dependent Day Care Flexible Spending Account (DDCFSA) Plan

The Insurance Premium Redirection Plan is self-administered by the System; the HCFSA and DDCFSA plans are administered by a vendor.

5.3 INSURANCE PREMIUM REDIRECTION PLAN

The UT FLEX premium redirection plan is handled internally through the payroll department at each System component institution. The System will continue this practice. Therefore, the responding vendor's proposal and administrative fee should not include administration of the Insurance Premium Redirection Plan. An employee who participates in the Employee Group Insurance Program is enrolled automatically in the Insurance Premium Redirection Plan.

5.4 HEALTH CARE FLEXIBLE SPENDING ACCOUNT PLAN

Eligible active employees may contribute to the Health Care Flexible Spending Account (HCFSA) plan. Retired employees may not participate. The participant may be reimbursed for any out-of-pocket expense listed as eligible in our UT Flex Plan Booklet and incurred by either the participant, spouse, or any other person claimed as the participant's dependent for federal income tax purposes. This account may be used to pay expenses with pre-tax dollars that health, vision, or dental insurance does not cover. Examples of reimbursable expenses include co-payments, hearing devices, health plan deductibles, and physical exams. Each HCFSA has a minimum employee contribution of $15 per month and a maximum annual contribution of $5,000* per plan year.

*Maximum annual contributions are subject to change pending changes in Federal law.

5.5 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT PLAN

Eligible employees may contribute to a DDCFSA. This account can be used to pay for qualified care of dependents while the employee and his or her spouse is working or attending school full-time. The minimum monthly contribution is $15 and the maximum annual contribution is $5,000 for the plan year (or $2,500 if married and filing separate federal income tax returns). Nine-month employees may deduct a maximum of $5,000 per year. A DDCFSA participant cannot exceed the calendar year maximums as established by the IRS.

For children under 13 years of age, or qualified disabled dependents regardless of age who are claimed as dependents for federal income tax purposes, DDCFSA claims must be substantiated with a written statement from a third party (typically the provider of care) indicating the dependent day care services have been incurred, the amount of the expense, and the name of the dependent. In addition, a written statement from the employee will be required indicating the dependent day care expenses have not been reimbursed or are not reimbursable from another source. The tax identification number or Social Security Number of the provider is also required for IRS reporting on Form 2441 to be included with the participant's personal income tax return. Cancelled checks are not sufficient proof of a day care expense.

The definition of an eligible dependent for a DDCFSA may not necessarily be the same as an eligible dependent for the program. An eligible dependent for purposes of claims to a DDCFSA must be claimed as a dependent on the employee's federal income tax return and can be:

- the employee's dependent child who is under the age of 13;

- the employee's spouse who is physically or mentally incapable of caring for himself/herself;
- the employee's dependent child of any age who is physically or mentally unable to care for himself/herself.

5.6 UT FLEX PARTICIPATION DATA

See Appendix C for historical plan data, including the number of employees participating in UT FLEX.

5.7 REQUIRED UT FLEX ADMINISTRATIVE SERVICES

Vendor proposals provide administrative services for the UT FLEX FSA plans that, at a minimum, are equivalent to the current plan and services. The UT FLEX FSA plans are described in Appendix A. No deviations from the required administrative services will be allowed.

The following administrative services are required:

5.7.1 Automation of Services

The responding vendor should describe how their organization currently automates the administration of FSAs. The responding vendor should also include detailed information on any processes that are "manual" and not automated.

5.7.2 Claim Forms

Claims forms must be available on the vendor's System-specific web site. Employees complete the claim form and submit by mail, fax, or upload directly to the UT FLEX FSA vendor.

5.7.3 Individual Participant Account Records

The vendor must maintain individual participant account records on the vendor's System-specific web site for participants to access information about their individual HCFSA and DDCFSA accounts which is to include annual elections, contributions, previous reimbursements, status of pended claims, debit card transactions and current balances. These accounts must be password-protected on a secure (encrypted) server and must not require the participant to use a SSN to access account information. The user must initially be able to establish their online account utilizing their UT System Benefits ID (BID).

5.7.4 Account Balances and Claims Reimbursement

A participant in an HCFSA may submit and be reimbursed for eligible claims up to the amount of the participant's annual election, even if contributions have not yet equaled the claim amount.

Participants in an DDCFSA cannot be reimbursed for any expenses exceeding the current account balance (i.e. DDCFSA Contributions minus claims paid). If a claim is submitted for more than the account balance, the participant will receive a check for the amount in the available account balance. A check for the remainder will be sent after sufficient contributions are made to the account. Reimbursements can be issued only after services have been provided, not for services to be provided in the future.

5.7.5 Claims Adjudication and Processing

The vendor must provide a step-by-step description of the claims adjudication and claims disbursement processes in the vendor's proposal. This description should include samples of all correspondence with System component institution benefits offices and with System participants. The vendor must describe in detail all parts of the claims process that are automated and describe all parts of the process that are not automated.

5.7.5.1 Substantiation of Claims

Within five (5) calendar days after receiving claims from participants, the vendor must communicate with participants regarding the appropriate claims substantiation needed to properly adjudicate claims. If any claim is not properly adjudicated, the vendor will take steps to recoup any funds paid in error.

5.7.5.2 Daily Claims Processing

On a daily basis, the vendor must process all claims received.

5.7.5.3 Frequency of Check Issuance for Claims Reimbursement

Reimbursement claim checks and direct deposit disbursements should be issued within five (5) business days and daily, if possible. The vendor is required to communicate to participants, within five (5) business days, the status of their claim reimbursement requests.

5.7.5.4 Notification of Pending or Denied Claims

If more information is needed, the vendor will notify the participant of what is required within five (5) calendar days after receiving reimbursement request.

For any claim denied for reimbursement, the vendor must notify the participant within five (5) calendar days, and the vendor must provide a valid reason in writing for denying the claim reimbursement.

5.7.5.5 Audit of Claims Adjudication and Reimbursement

The responding vendor's proposal must provide a complete description of its internal processes for conducting audits for accuracy and validity of claims adjudication and reimbursement. The description should also include processes which account for the review of historical claims data in employee records in order to eliminate the need to repeatedly request substantiating documentation for recurring purchases (which do not match pre-programmed deductible and copayment amounts). The System maintains FLEX account balances for each participant and requires the responding vendor to resolve any discrepancies of participant account balances upon discovery.

5.7.5.6 Recovery of Funds Paid in Error

The vendor will be required to implement processes for recovery of any claims paid in error.

5.7.6 COBRA and Continuation Coverage

An employee who terminates employment with a remaining HCFSA annual election may continue participation in the HCFSA through the remainder of the current plan year, or through the end of the month in which a contribution was made, whichever is less, if the terminated employee continues in the program under the Consolidated Omnibus Budget Reconciliation Act (COBRA). The selected vendor is required to administer the COBRA HCFSA and DDFCA accounts. Any contributions, less the 2% administration fee collected from a COBRA participant, must be returned to the System once a month for deposit at the financial institution where all other contributions are held.

5.7.7 Training

The vendor must provide any necessary technical assistance and training to OEB staff, benefit offices at System institutions, and participants. This training includes information about UT FLEX administration, and any legislative and IRS rulings regarding FSA administration. The vendor is required to provide training to each System institution benefits office prior to May 28, 2010, and also to provide training at the annual Benefits Training Workshop in June.

5.7.8 Communication Materials

The selected vendor must work with the System to develop all communication materials, such as plan documents, enrollment information, claim forms, explanation of claim status, requests for receipts letters, etc. Section 8.0 of this RFP further describes this requirement.

5.7.9 System-Specific Web Site with Claims Information

The responding vendor must provide web-based, online, account reports for access by each participant. Each participant will use the online claims information to view account information such as monthly contributions, status of submitted reimbursements, records of previous reimbursements, and current balances. Section 8.0 of this RFP describes this requirement.

5.7.10 Reports

The vendor must provide certain reports as required by the System, such as

- Annual Forfeiture Reporting by participant
- Reporting of unsubstantiated debit card transactions
- Reports which identify by medical, dental, vision, prescription drug, over-the-counter drugs, what comprises HCFSA reimbursements.
- Reporting of online access by participants.

5.7.11 Claims Run-out

The claims run-out period is September 1st through November 30th following the end of each plan year. The current vendor will continue to process the DDCFSA claims incurred prior to August 31, 2010, and for HCFSA claims through November 15, 2010 (Grace Period) for the run-out period that ends November 30, 2010. The selected vendor is expected to handle the claims run-out period for the last year of the contract. The claims run-out period for the last year of the contract will begin on September 1, 2013. Administrative fees are not remitted for participants during this Claims Run-out period.

5.7.12 Forfeitures

Eligible claims must be incurred during the plan year (September 1 through August 31 for DDCFSAs and September 1 through November 15 for HCFSAs) and must be postmarked or received by the UT FLEX vendor no later than the following November 30, the last day of the run-out period. After all qualified claims have

been processed, the vendor must report any amount remaining in the employee's UT FLEX reimbursement account(s) at the end of the plan year as forfeited by the employee. All written appeals for payment submitted after the Run Out Period should be forwarded to the Office of Employee Benefits for review.

5.7.13 Participant Fees

Currently, participants in UT FLEX FSA plans are not charged a participation fee because forfeitures have been used to cover the cost of administration. The System anticipates a future need to charge a monthly fee to UT FLEX FSA plan participants. Participants may be assessed one monthly fee through a monthly payroll deduction during the period of coverage. This monthly fee would cover participation in one or both FSA plans, and would not include the debit card fee.

The debit card fee will be assessed as a separate annual fee. System requests that responding vendors submit two rate proposals: one rate should be based upon participants in an HCFSA having the option to select the debit card feature; a second rate should account for System requiring the debit card for each HCFSA account. The yearly debit card fee will be assessed one time at the beginning of the participant's first month of coverage, and the vendor will take this fee out of the participant's HCFSA election amount. The selected vendor must be capable of accommodating these participant fee assessments, if the System makes that decision in the future.

5.7.14 Continuity of Administration

The selected vendor, if different from the current vendor, will be required to coordinate with the current vendor to ensure continuity of administration.

5.7.15 Debit Card Feature for the HCFSA Plan

The System began offering the debit card feature September 1, 2004. The debit card feature is offered only for the HCFSA plan. Currently, 75% of those enrolled in a HCFSA elect the debit card.

The responding vendor (and any subcontractor of the responding vendor) must have at least two (2) years of prior successful experience in debit card administration of HCFSAs.

The System's medical and dental vendors are capable of providing data that confirms the payment of annual deductible, co-payment, and co-insurance amounts. These "auto adjudication files" are prepared for the express use in administering the UT FLEX HCFSA accounts. The System requires the vendor to

auto adjudicate as many HCFSA eligible expenses as possible to reduce the requests for substantiation by the participant.

5.7.15.1 Required Debit Card Services

The vendor must provide a complete description of its debit card program including the following topics:

1) The vendor's compliance (and vendor sub-contractor's compliance) with current and future requirements of the Internal Revenue Code, as applicable;
2) The vendor's collection of an annual fee at the beginning of the plan year only for each HCFSA participant who selects the debit card feature; or a prorated debit card fee upon enrollment in the HCFSA plan;
3) A completed description of the debit card process, in addition to providing a flow chart with at least the following information: measures taken to properly adjudicate eligible claims, information needed on receipts, methods and time frame for obtaining necessary information from participants, claims substantiation, auditing of claims reimbursements, accounting for payments made in error, and recoupment of payments made in error;
4) The vendor's processes and safeguards for ensuring that only qualified expenses are approved and reimbursed (i.e. substantiation requirement);
5) The vendor's processes for following up on claims substantiation for the participants' qualified expenses;
6) The vendor's use of merchant codes, including a description of the number and types of merchant codes, how the merchant codes are used at the "point of sale," how merchant codes are used to validate claims, and a description of the processes for handling claims not validated in connection with merchant codes;
7) Description of process to determine the availability of participant's account balance to authorize the transaction at "point of sale";
8) Complete description of process at "point of sale" if claim not validated and not approved, including a flow chart of this process;

9) Claims substantiation using ”auto adjudication data” if the expense correlates to a copayment under the health plan option selected by the participant;
10) Claims substantiation using the debit card if the expense originates at a provider of dental services or vision services;
11) Claims substantiation using ”auto adjudication data”if correlated to a recurring amount for a previously approved expense, such as a prescription refill at the same pharmacy;
12) Description of methods for claims substantiation for a claim that does not correlate to a copayment under the plan or to a recurring reimbursement that was previously approved. For claims not correlated to a copayment, this must include a description of the process for obtaining necessary information to appropriately adjudicate and substantiate claim reimbursement;
13) Description of the methods for obtaining participant certification stating that a health care expense has not been and will not be reimbursed under another plan.
14) A description of how the appearance of the debit card would be customized for System participants

5.7.16 Transfer Data with Pharmacy Benefit Managers

The vendor’s proposal should include a description of the vendor’s current ability, if any, to receive data from a Pharmacy Benefit Manager and a description of the methods for claims reimbursement using this data as well as the vendor’s willingness, if necessary, to sign a confidentiality agreement with the Pharmacy Benefit Manager.

5.8 APPEALS PROCEDURE

The responding vendor’s appeals procedure must comply with all applicable statutes and regulations including, but not limited to, the rules and regulations of the Texas Department of Insurance. All vendors must include a description of its appeals process. Final approval of plan exceptions, adjustments, or special requests must be approved by the System. All written appeals for payment submitted after the Run Out Period should be forwarded to the Office of Employee Benefits for determination.

6.0 ELIGIBILITY AND ENROLLMENT

6.1 INTRODUCTION

Chapter 1601 of the Texas Insurance Code (Appendix E) states the eligibility criteria and enrollment requirements for employees of The University of Texas System. All enrollment activities must be conducted in compliance with the policies of The University of Texas System Office of Employee Benefits (OEB).

Annual Enrollment occurs each plan year from July 1 through July 31. If an employee makes any enrollment changes during Annual Enrollment, the effective date of each change will be September 1st (the first day of the next plan year). Each UT FLEX participant must select this program each Annual Enrollment.

6.2 ELIGIBILITY

6.2.1 Employees

Chapter 1601.010 of the Texas Insurance Code states that an employee who is expected to work at least 20 hours per week for a term of at least four and one half months, or is appointed for at least 50% of a standard full-time appointment, is eligible for benefits. Graduate students are eligible, if, as a condition of employment, they are required to be taking classes as a graduate student and they work 20 hours/50%.

The participant completes a Salary Conversion Agreement for participation in UT FLEX.

Retired employees are not permitted to participate in the FSA plans.

6.2.2 Nine-Month Appointments

Some System employees have nine-month appointments of employment. These employees have the option of receiving their pay throughout a nine-month period or a twelve-month period. The employees who receive their salary payments over the nine-month period will not contribute to their UT FLEX accounts for the three months they do not receive pay. Therefore, the vendor's systems capability to accommodate these differences is critical, particularly in the accounting for accruals and disbursements of each enrolled participant.

6.2.3 Eligibility and Payroll Systems

The System handles ten individual payroll sources from the fifteen component institutions and System Administration throughout Texas. Deductions are sent to OEB by the institutions and then confirmed to the vendor using the Flex Contribution Dataset.

6.2.4 Leaves of Absence

Some employees, such as faculty members, may take extended leaves of absence. In such cases, employees may put their System coverage in abeyance. During the abeyance period, the employee may submit claims which were incurred during their period of coverage. Upon return to the System, such employees are immediately eligible to resume participation.

6.3 UT FLEX ENROLLMENT

Benefits-eligible employees may enroll in UT FLEX at the following times:

- During their initial 31 days of employment;
- Within 31 days of a qualified Change in Status event; or
- During the Annual Enrollment period.

Return-to-work retired employees are NOT eligible to participate in the UT FLEX program.

6.3.1 During First 31 Days of Employment

A new employee may enroll in the HCFSA and/or the DDCFSA account during the first 31days of employment. If enrollment takes place on the first day of employment, enrollment takes effect on that date. If enrollment occurs after the first day of employment but within 31 days, enrollment takes effect on the first day of the month following the employment date unless the employee specifically requests the coverage to take effect on their date of employment. Claims incurred prior to the beginning of the period of coverage are not eligible for reimbursement.

6.3.2 After 31st Day of Employment

If the employee does not enroll in a UT FLEX reimbursement account during the first 31 days of employment, the next opportunity to enroll will be during the next Annual Enrollment period or upon the occurrence of a qualifying consistent Change in Status event during the plan year.

6.3.3 Annual Enrollment Period

During each Annual Enrollment period, an employee has the opportunity to enroll in the UT FLEX reimbursement accounts. All employees currently enrolled in a UT FLEX account must re-enroll and re-designate the amount of withholding during each Annual Enrollment period in order to continue participation in UT FLEX. The effective date will be the following September 1.

6.4 Change in Status During Plan Year

A System employee enrolled in one of the UT FLEX reimbursement accounts who experiences a qualifying, consistent, Change in Status event during the plan year is eligible to revise or terminate the selected annual election amount. Requests to change UT FLEX elections following a change in status in mid-plan year are coordinated with the benefits office at each institution

6.7 Request to Change UT FLEX Election Due to a Mistake

In accordance with Section 125 of the Internal Revenue Code, the System may allow an employee to change a UT FLEX reimbursement account election during the plan year without a qualified Change in Status, only upon "clear and convincing evidence" that either the employee or a benefits representative made a clerical error during the election process.

6.7.1 Required Time Limit to Report Mistake

An employee's request for a change in a UT FLEX election will only be considered upon the employee's submission of "clear and convincing evidence" of the mistake within 31 days of receipt of the first payroll check that contains the UT FLEX election.

6.7.2 Submit Request to Office of Employee Benefits

The System institutions' benefits offices must forward all requests from employees to change their UT FLEX elections during the plan year to the U. T. System Office of Employee Benefits (OEB). Only OEB can approve such requests. OEB will review the request, make the determination in accordance with IRS requirements. If approved, OEB will determine the effective date based on the specific circumstances. All OEB decisions are final.

6.8 Termination of UT FLEX Enrollment

An employee may terminate enrollment in a UT FLEX FSA account only under the following conditions:

6.8.1 End of the Plan Year: August 31

An election of a UT FLEX reimbursement account is valid only through August 31, the last day of the plan year. An employee enrolled in an HCFSA and/or DDCFSA who does not complete an election to continue enrollment in the reimbursement account during the next plan year will be terminated from UT FLEX enrollment effective August 31 of the current plan year. Claims must be filed on or before the date of November 30th following the end of the plan year in which the claim was incurred.

6.8.2 Leave Without Pay

An employee enrolled in an HCFSA or DDCFSA and placed in a Leave Without Pay (LWOP) status is subject to the following conditions:

6.8.2.1 Medical Expense Reimbursement Account

Employees on LWOP may continue contributing to an HCFSA by writing a check each month directly to the U.T. employing institution. Flex payments made by an Employee on LWOP must be made on an after-tax basis.
If a person chooses to not contribute to their HCFSA account during the LWOP period, the individual may elect to begin contributions again upon return to Active Employment within the same plan year. HCFSA contributions will again be deducted on a pre-tax basis for the remainder of the plan year.

Changing from an Active Employment status to a benefits eligible Leave Without pay (LWOP) status, or vice versa, is a qualified Change in Status event. An Employee may elect to increase or decrease the annual election amount within 31 days of either beginning LWOP or returning to Active Employment from LWOP status.

Important: The total contributions for the plan year (including before, during and after LWOP) must always be equal to the annual election amount at the end of the plan year. When returning from LWOP, the Employee cannot reduce the annual election to an amount that would be less than the amount of HCFSA claims filed with the Plan Administrator.

An Employee who returns to Active Employment from LWOP in a different plan year may enroll in a HCFSA within 31 days of returning to work.

6.8.2.2 Day Care Reimbursement Account

An Employee may not contribute to a DDCFSA while on LWOP. However, as long

as a positive balance exists in the DDCFSA, an Employee may continue to submit claims and be reimbursed for eligible expenses incurred prior to the beginning date of LWOP. Contributions to the DCRA must resume at the previous election level when the Employee returns from LWOP status within the same plan year.

An Employee who returns to work from LWOP in a different plan year may enroll in a DDCFSA within 31 days of returning to work.

Important: The Employee's account should be audited by the institution Benefits Office to ensure that the maximum calendar year election of $5,000 is not exceeded.

6.9 Retirement or Termination of Employment

Employees who retire or terminate employment during the plan year may receive HCFSA benefits for charges incurred during their period of eligibility to participate even though a claim had not been filed at the time of retirement or termination. The period of eligibility is defined as the period of time during which a participant was enrolled in UT FLEX as an active employee and making contributions to UT FLEX accounts. Claims must be filed by November 30, the deadline for submitting claims for incurred, eligible expenses.

An employee who terminates employment with a remaining HCFSA balance may continue participation in the HCFSA or DDCFSA through the remainder of the current plan year only if the employee continues in the Program under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Any contributions made to an HCFSA or DDCFSA as a COBRA participant must be submitted to the selected vendor on an after-tax basis along with a 2% COBRA administration fee.

An employee continuing to contribute to an HCFSA or DDCFSA may be reimbursed for claims incurred after the employment termination date through the remainder of the plan year, or through the end of the month in which the contribution was made, whichever is earlier. An employee who does not elect to continue contributions after termination of employment can be reimbursed only for eligible claims incurred up to the last day of the month of termination.

- Example 1: An employee has elected to participate in the HCFSA with an annual election of $1,200. The employee contributes the monthly deduction of $100 beginning September through the following June and then terminates employment. The employee does not elect to continue coverage under COBRA. The employee's coverage in the HCFSA will end as of June 30, and only claims

incurred between September 1 and June 30 will be eligible for reimbursement.

- Example 2: In Example 1, the employee made a total contribution of $1,000 ($100 X 10 months) before terminating employment. If the employee had incurred claims of only $600 between September 1 and June 30, the employee must continue coverage as a COBRA participant in order to be able to be reimbursed the unused $400. The July and August contributions, plus the 2% administrative fee, will be paid by the participant in after-tax dollars. The participant can file for reimbursement of any claims incurred through August 31, if the participant contributed during July and August.

6.10 Death of Employee

6.10.1 HCFSA

The family of an employee who dies during the plan year with a remaining HCFSA balance may continue making the monthly contributions on behalf of the deceased employee, on an after-tax basis, as a COBRA participant. The family member is responsible for obtaining the appropriate COBRA enrollment forms from the deceased employee's institution. After COBRA has been elected, contributions will be made directly by the family member to the selected vendor on a post-tax basis. The surviving family member will then be eligible to receive reimbursement for claims incurred before and after the death of the employee through the remainder of the plan year, or through the end of the month in which the contribution was made, whichever is earlier. If the family chooses not to contribute after the employee's death, reimbursement will be limited to eligible charges incurred prior to the employee's death, and filed by November 30, even if a balance remains in the HCFSA.

6.10.2 DDCFSA

The family of an employee who dies during the plan year may continue to submit claims for eligible expenses, as long as the expenses were incurred during the period of coverage, and filed by November 30. A DDCFSA is NOT eligible for continuation under COBRA.

6.11 Other Change in Status Events

6.11.1 Additional Change in Status Events

The following additional Change in Status events also may result in the change or termination of a UT FLEX reimbursement account contribution election:

- Loss of dependent eligibility (e.g., divorce of spouse, death of spouse or child)
- Marriage of dependent child;
- Gain of coverage eligibility under other employer group plan;
- Receipt of a court order, decree or judgment;
- Gain eligibility for Medicare or Medicaid; or
- Significant change in cost.

Changes to an account based upon a Change in Status must be consistent with the type of status change. For example, if a dependent's coverage is cancelled, the change cannot result in an increase in the employee's contribution.

6.11.2 HEART Act

Effective September 1, 2010, UT FLEX plans will comply with the HEART ACT

- Allows employees who have been called to active duty to withdraw their unused account balances.

7.0 OPERATIONAL SPECIFICATIONS

This Section describes operational specifications including administrative requirements and functions, data processing interface requirements, and the statistical reporting requirements as mandated by the System. The vendor shall administer the Plan in a manner consistent with all applicable laws and regulations, as well as requirements set forth in this RFP by the System. The vendor shall include the cost of the requirements described in this article in the proposed price for administering the FSA plans.

7.1 ADMINISTRATIVE REQUIREMENTS

The vendor shall provide all services associated with the administration of the plan including, but not limited to, the following:

a) The establishment and staffing for adequate customer service personnel to handle the plan's specific benefit questions, claims administration, resolution of complaints, and program or claim clarification. The vendor's customer service hours must be, at a minimum, Monday through Friday from 8:00 a.m. to 5:00 p.m., Central Time.

b) The vendor shall designate vendor customer service representatives as contacts for System staff. The vendor warrants and represents that it will adequately train additional team members as needed to support the System's requirements. The vendor must accept oral verification of a System participant's coverage by an authorized representative of the System or verify the participant's coverage through an online system and subsequently update coverage in the responding vendor's system prior to receipt of the System's weekly/monthly enrollment information.

c) The vendor shall dedicate additional staff members, as needed, to update UT System related records and accounts and to provide additional help for the vendor client service team during and following the System Annual Enrollment period including the 2010 Annual Enrollment period, which is prior to the September 1, 2010 contract effective date.

d) Customer Service call centers must be located within the United States, preferably in the state of Texas. No out-of-country call centers shall be allowed. The establishment of toll free lines (telephone and facsimile) and appropriate customer service staff must be adequate at a minimum to maintain the following standards:

1. Average abandonment rate of 5% or less; and

2. Average time to answer of 30 seconds or less.

e) The vendor must make available to System staff the ability to listen to and monitor calls to and from the vendor call center(s).

f) The vendor shall process and administer all required FSA claims incurred on or after September 1, 2010, and throughout the term of the Contract.

General requirements for claims processing include the following:

1. Using System enrollment records, the vendor shall create and maintain participation records to be used for the processing of claims and other administrative functions for the FSA plans. System enrollment records, however, shall control in the event of a conflict.
2. The vendor shall review claims for eligibility based on coverage dates per individual. Vendor is responsible for handling coverage dates that may start and stop a few times during one fiscal year, only paying claims during an individual's employment. The vendor must be able to distinguish different coverage dates even for the two account types. These might not always be the same. Any ineligible claims inadvertently paid by the vendor shall be the sole responsibility of the vendor to recapture.
3. The vendor shall process claims submitted by FSA plan participants. Each claim payment must include an Explanation of Benefits (EOB) for all applicable claims. The vendor must submit all claim forms and sample EOBs as an attachment to the Proposal for the System's review and approval.
4. An average of 95% of System FSA plan claims filed by participants must be processed within five (5) business days from date of receipt of complete information of submission to the vendor unless additional information and/or investigation is required.

g) In the event the vendor issues excess payments or payments for ineligible claims or participants, it will:

- Take all steps necessary to recover the overpayment, including in rare situations, the recoupment (offset) from participants subsequent claim payments;
- Assume 100% liability for incorrect payments which result from policy or system errors attributable to the vendor in whole or in part, including

payments made for any covered services to a former HCFSA or DDCFSA participant reported by the System as no longer a plan participant, if the vendor receives such notification at least two (2) full business days prior to the date of such claim payment; and

- Refrain from initiating litigation to recover such overpayment unless authorized by the System.

h) The vendor must provide an Account Executive Team and/or make staffing adjustments, as required by and acceptable to the System. This Account Executive Team must be established on or before March 1, 2010, and be available Monday through Friday from 8:00 a.m. to 5:00 p.m., Central Time, excluding national holidays.

i) The vendor will provide a minimum of one (1) per year face-to-face Account Executive review to the System on the utilization and performance of the FSA plans. The System also may require quarterly and other additional meetings (face-to-face or telephone conference), when necessary. The reviews should include cost saving recommendations and required implementation.

j) The System strongly believes that the account service relationship is the critical link in developing and maintaining a strong partnership dedicated towards the achievement of plan objectives. As such, the vendor must be committed to provide the System with service attention that is at the highest levels in the industry, and fully consistent with expectations. The vendor and the System shall define the criteria for measurement and evaluation of service performance.

k) The vendor is required to notify the Director of the Office of Employee Benefits in writing prior to any anticipated major change to the organization that may likely impact the FSA plans.

l) The vendor shall notify the System prior to implementing material changes in policies, business, and key personnel on the System account management team.

m) The vendor shall provide general administrative support that complies with all applicable legal and actuarial standards to assist the System in the operation of the FSA plans.

1. The vendor shall provide the System with priority positioning for delivery of ad hoc system service requests and/or issue resolutions. No later than March 1, 2010, the vendor shall designate a Technical Consultant ("TC") to lead the management of all technical issues including, but not limited to, system service requests. The TC shall ensure that all System information system requests and issues are thoroughly analyzed and given priority positioning to ensure speedy resolution. The vendor shall provide competent, focused attention to the System's system request/issue. The vendor shall use its best effort to implement all

System information system requests and correct all System information system issues within thirty (30) days from receipt of the System's written notification to the vendor of the request/issue. The System shall fully supply any/all information reasonably necessary for the vendor to complete the requested services as outlined herein. If a thirty (30) day resolution is not reasonably possible, the vendor shall provide the System with a written plan for implementation and timeline for resolution within five (5) days from receipt of written notification as noted above.

An example of a System issue is, but is not limited to:

If the vendor upgrades their entire software system mid-year, we expect to receive notice and a few "test" files to ensure that the data we are receiving has not changed due to the vendor system updates.

2. The vendor shall provide legal and technical assistance as it relates to the operation and administration of the FSA plans.

7.2 Data Processing Interface Requirements

Each institution of the System self-administers its eligibility. The System's sixteen (16) institutions do not use the same payroll system; approximately nine (9) different systems are used. System institutions transmit eligibility data to the System, and the System in turn transmits the appropriate data to the plan vendor. Often there is some delay between the effective date of coverage and notification of eligibility.

To accommodate the variation in institutional eligibility administration and payroll systems, the System has developed a standardized method for receiving and transmitting eligibility information. The selected vendor will be required to accept encrypted eligibility data via Secure File Transfer Protocol (SFTP) over the Internet. Currently, full replacement and partial replacement eligibility files are being transmitted by the System to plan administrators. The selected vendor is required to receive at least two (2) partial files per week and a full file dataset at least once per month for reconciliation against the responding vendor's eligibility files.

7.2.1 Enrollment Transmission

Currently, vendors receive eligibility datasets via SFTP over the Internet. The data is encrypted using Pretty Good Privacy (PGP) public key encryption. The System requires that all datasets must be PGP encrypted and transmitted using Secure FTP (SFTP). The vendor must state in its proposal that the vendor agrees to use PGP encryption and SFTP.

7.2.2 The Eligibility Database

Each institution's eligibility data is transmitted to the System and used to update an eligibility database maintained by the System. The database maintained by the System is directly updated by enrollees during the Annual Enrollment Period using the System *My UT Benefits* online enrollment system. During the July 2009 Annual Enrollment, 47% of all employees/retired employees (~48,400) used the *My UT Benefits* online system on the Web. Nearly 100% of all employees/retired employees who made elections used *My UT Benefits*. This enrollment system provides the advantage of having most new enrollment data available before September 1, the beginning of each new plan year.

7.2.3 The Eligibility Dataset

The System's database provides the information for the System to generate datasets specific to the FSA plans. The selected FSA plan vendor will be required to receive at least two datasets per week. The weekly datasets usually include new enrollment and records for participants who have had adjustments made to their accounts. Once per month a full dataset from each of our institutions, including all current participants, will be sent to the selected vendor. These run along with the institution's payroll schedule.

Each year during the second half of August and the majority of September, larger than normal datasets can be expected due to updates related to annual enrollment and the start of the new plan year..

The vendor must state in its proposal that the vendor agrees to use the dataset layouts found in Appendix B, Section B-1, or ASC X12H 834 format. If unable to comply with the requirement, the vendor may submit a rationale to use another applicable ANSI X12 transaction set.

7.2.4 Requirements for the Payment of Administrative Fees Using the Detailed Billing File

The System will produce a "detailed billing file" by the fifteenth (15th) day of the month for the flex contributions acknowledged for the prior month (billing month). . The number of participants used in calculating the Administrative Fee will be determined as those participants who make a contribution toward the fulfillment of their Annual Election amount for the billing month in question. The detailed billing file will be transmitted via SFTP over the Internet to a secure FTP server, and an

automated-mail will be sent to the appropriate contacts notifying them of the file's transmission and the calculated Administrative Fee total.

7.2.5 Secure File Transfer Protocol (SFTP) Over the Internet

During the past decade, the use of FTP over the Internet greatly increased the speed and accuracy of eligibility data transmission. During the last few years, because of heightened concerns for security of data containing sensitive information, new security requirements mandate that SFTP be used to access System servers.

Datasets sent via SFTP are transmitted by institutions directly to the System as often as desired. Institutions can also make real time updates to the System eligibility database and can transmit either a full replacement file or a partial replacement file as needed. Some institutions only update their payroll files shortly before payroll; therefore, they only transmit eligibility data twice a month. However, other institutions update their data more often. Eligibility data will be sent to the selected vendor at least two times each week and be available to the vendor by 6 AM Central Time.

A responding vendor's ability to use SFTP over the Internet at least two times per week and work with the System's dataset will be important considerations in the System's evaluation of the proposals.

7.2.6 Web User Access Authentication via Security Assertion Markup Language (SAML)

A responding vendor's current ability or willingness to accept Security Assertion Markup Language (SAML) (v1.1 or newer) within three months of the first day of the first Plan Year as a term of the contract is strongly preferred.

SAML is a standards-based, single sign-on, authentication method under which a vendor's System-specific website allows one of System's 16 Identity Providers (IdPs) to authenticate a user and assert authentication.

Using SAML at login to a vendor's System-specific website, each System institution will act as IdP and will determine whether the user has authenticated properly using local credentials. If the user authenticates correctly, System will redirect the user's browser and pass a SAML assertion to the vendor site in question. The vendor site will consume the SAML assertion in order to grant access.

The vendor would agree to host a SAML Discovery Service on the vendor's System-specific website and subsequently accept the IdP's assertion that identifies the individual using System's Benefits Identification (BID) number, which is included as an attribute in the SAML assertion. Each Member has a unique BID, and the Members' BIDs will be regularly communicated to the vendor via eligibility dataset.

Only authentication will be handled via SAML. Authorization to access specific information, for example, restricting a user's ability to view member specific data for only the authenticated user, will still need to be handled by the vendor Web site.

A vendor who is currently unable to comply with SAML, but will commit contractually to be able to do so within three months of the first day of the First Plan Year that the contract takes effect, should include a statement in the proposal of its ability to support authentication via proxy until such time as it is able to comply with SAML.

If a responding vendor's System-specific Web site is unable or unwilling to comply with SAML (v1.1 or newer), the responding vendor proposal should include a statement of ability to support authentication via proxy.

7.2.7 Requirements to Facilitate Emergency Updates

On occasion, System institutions may need to make emergency updates to the coverage of their plan participants. (Emergency updates are updates to eligibility or coverage on the vendor's eligibility system made through a means other than the eligibility dataset.) The System has implemented a "controlled emergency update e-mail process" through which the institution representative can submit the emergency update request.

The emergency update system can be configured to send the email update request to the System FSA plan vendor or to a System Control Clerk to facilitate these updates. The vendor can either provide a secured web page for the Control Clerk to update eligibility on the Vendor's system or the Vendor can receive the emails from the institutions. The institutions must update the OEB eligibility database prior to sending an emergency update request to either the System or to the responding vendor. The eligibility system verifies the coverage prior to sending an emergency update e-mail which is always sent from our controlled e-mail account.

The responding vendor may choose up to five (5) recipients for emergency update e-mails. Confirmation of emergency update to the responding vendor's database is required within four (4) business hours of receipt.

As an alternative to receiving e-mail for emergency updates, the responding vendor may provide an access-controlled software interface through which the System can update the responding vendor's eligibility database. The preferred method for this option is an Internet interface accessible via a web.

7.2.8 UT FLEX Claim Data Transmission

The System requires a daily transmission of the detailed information supporting claim disbursements initiated for settlement at the financial institution. In addition, the System requires a transmission of the detailed information supporting the settlement of debit card transactions at the financial institution. The dataset layout for the claim information can be found in Appendix B, Section B-2.

7.3 Reporting and Information Sharing

The System retains an independent consulting actuary on insurance matters. The consulting actuary assists and advises System staff on benefit plan design, proposal review, and administrative cost analysis. System staff or the consulting actuary may, from time to time, request that the vendor provide additional information specific to the FSA plans. The vendor must cooperate with and act in good faith in working with the consulting actuary and must be prepared to respond to these requests promptly. Regarding actuarial requests, or for other FSA plan purposes, the System may request on an ad hoc basis that the vendor prepare customized reports. Such reports must be provided in a timely manner at no additional cost to the System.

The vendor should be able to periodically provide the utilization and cost information to the System.

Additionally, routine vendor reporting is required to support the System's ability to proactively monitor trends and to identify/address variances on targeted vendor Performance Guarantees and customer service standards. The reporting timelines and formats shall be specified by the System. Some formats shall include a column indicating a performance standard for the item being reported, which shall be utilized by the System as a benchmark to monitor compliance and to analyze the reported statistics. See Appendix G for further details.

8.0 COMMUNICATION REQUIREMENTS

This section describes applicable communication requirements. The vendor may recover the cost of the services described in this section only by making provision for such cost in the proposed administrative fee.

8.1 GENERAL INFORMATION

The vendor is required to communicate the plan to participants and potential participants, institution Benefits Coordinators and the System staff. Communications to System FSA plan participants must be clear and understandable, using terminology specified by the System that is familiar to participants and approved by the System prior to dissemination. All printed material must be available electronically. Communication materials must meet ADA requirements for accessibility.

Communication materials include, but are not limited to:

- Participant brochures, benefits books and newsletters
- System-specific FSA plan Web site
- Presentations to institution Benefits Staff and participants
- Scripted responses used by customer service representatives
- Advertising materials in association with System FSA plan enrollment
- Claim forms, letters or explanation of benefits/payments, requests for receipts letters
- News releases including contract signing announcement
- Participant welcome packets
- Token giveaways for enrollment fairs and events

Communication materials designed for System FSA plan participants cannot, and the vendor represents and warrants that it shall not, advertise or promote coverage, products or materials, other than those relating to the vendor's administration of the System FSA plans.

Respondents to this RFP shall include samples of communication materials, including the benefits books, consumer targeted educational materials (in both print and electronic format), and the format of the UT System specific Web site.

8.2 Required Services for Web Site and Printed Material

The vendor must communicate plan information to all System institutions after it has been approved by the System's Office of Employee Benefits (OEB). Annual Enrollment information must be promptly provided to all benefits-eligible employees as required in this RFP. All communications are intended to educate potential enrollees, as well as current participants. In communicating plan information, the vendor will be required to print and disseminate information in written, electronic, and oral forms to reasonably accommodate all participants; however, it is preferred that electronic communication be used whenever reasonably possible.

Electronic draft copies (on disk or CD) of the proposed FY 2010-2011 printed materials, plan participants' handbook (if applicable), and advertising (newspaper ads, radio scripts, television ads, etc.) must be submitted as part of the proposal. All materials relating to the plan must be approved by the System prior to dissemination to institutions and/or their employees.

8.3 Annual Enrollment

The following requirements apply to all Annual Enrollment materials including plan booklets:

8.3.1 Customer Service Information

The material must contain the customer service phone number, hours of operation, a description of the process for filing claims and the appeal process for claim denials, and the vendor's Web site address.

8.3.2 Description of Benefits

The material must include a description of the FSA plans and the corresponding benefits of participating in System's FSA plans.

8.3.3 Due Dates for Enrollment Materials

All educational and enrollment materials used for both Annual Enrollment and new employees must be distributed to all System institution Benefit Offices no later than June 1 of each plan year. **All materials must be approved by the System before distribution to System institutions and employees.**

8.3.4 Vendor Attendance at Annual Enrollment Meetings

The contracting vendor is required to attend key scheduled Annual Enrollment meetings at each System institution when requested by the institution Benefits Office at the vendor's own expense. Vendor participation at Annual Enrollment meetings will help educate employees about the FSA plans discussed in this RFP. If the contracting vendor is unable to attend all Annual Enrollment meetings being offered at a particular System institution, the institution will have the discretion to designate a particular meeting or meetings as high-priority and request vendor attendance specifically for the designated priority meeting(s).

8.3.5 Customer Service during Annual Enrollment

The contracting vendor's dedicated Customer Service department is required to assist in answering questions regarding the FSA plans discussed in this RFP during the System Annual Enrollment period(s), including the July 2010 Annual Enrollment period. Education by the vendor Customer Service staff must be provided regardless of an employee's status as a current participant in the FSA plan. Customer service should be made available via phone, email, in writing, or in person.

8.4 UT System-Specific Web Site

The vendor must establish a System-specific Web site in a specified format through which participants can easily access information regarding customer service toll-free numbers, claims and plan contacts and the System's FSA materials.

The vendor's System-specific Web site must be available to the System for testing no later than June 1, 2010. The final System-approved Web site for plan year 2010-2011 must be completed by June 21, 2010, and must include the System-approved enrollment materials. The System must approve new Web site additions or redesigns at least two weeks prior to any scheduled launch date.

Providing information to System employees is the Web site's primary goal. The System requires the selected vendor to meet the following requirements:

8.4.1 Content Specifications

All content in the System-specific Web site must be approved by the System before it becomes available. The site must include:

- The plan brochure and summary as approved by the System;
- Customer service information, including phone numbers, mail and claim addresses, hours of operation, and guidelines for the complaint and appeals processes;
- Electronic form or e-mail address for customer complaints and questions. Response to e-mail complaints should have no more than

a 48-hour turnaround time. A tracking system for complaints submitted online, similar to the tracking of telephone complaints, must be in place, to provide to the System;

- All necessary vendor forms (e.g., claim forms) for participants must be provided. If these forms are in PDF format, a link must be provided to download Adobe Acrobat Reader to enable participant viewing and printing;
- System's branding and a UT-specific welcome message that clearly shows it is a UT System-specific Web site;
- A link to the System's OEB Web site; and
- If the vendor provides a Web page which a participant may view specific information about himself/herself, the site must utilize secured protocol (https://) and may not use the participant's social security number as either the user identification or the password. The Benefits ID may be used as the user identification.

8.4.2 Technical Specifications

The vendor's UT System-specific Web site must be accessible to as many participants as possible. Therefore, the following specifications must be met:

- The Web site content must be clearly visible and functional in Internet Explorer, Netscape and Foxfire browsers;
- The System participant should not have to enter their social security number at any time to access information on the Web site;
- The login information page must not allow the browser to store the information entered in the cache. The auto-complete feature must be turned off for every form;
- The font must be easy to read, no smaller than 10px;
- All forms and Adobe Portable Document Format (PDF) files must be accessible; and
- The Texas Department of Information Resources (DIR) has adopted rules pursuant to Chapter 2054 of the *Texas Government Code*, accessibility rules concerning how Texas institutions of higher education are to develop, procure, maintain and use Electronic and Information Resources (EIR) to provide access to individuals with disabilities. The rules include world wide websites within the definition of EIR.

- The vendor must warrant (EIR category warranty) that the website complies with the requirements set forth in Title 1, Rules §§ 206, 213.30 and 213.36 of the *Texas Administrative Code* (as authorized by Chapter 2054, Subchapter M of the *Texas Government Code*.) The proposal must provide that to the extent vendor becomes aware that the Web site does not satisfy the EIR Category Warranty, vendor will, at no cost to System, perform all necessary remediation to make the Web site satisfy the EIR Category Warranty.
- Vendor is required to submit a completed Electronic and Information Technology (EIT) Procurement Checklist for Accessibility Compliance along with proposals (Appendix H). Proposals or bids without a completed checklist may be disqualified.
- Vendor must authorize UT System to engage in product accessibility conformance testing prior to and after completion of purchase.
- The name of a person and contact information for addressing accessibility questions and issues with the product must be provided.
- Vendor must describe capacity to respond to and resolve any complaint regarding accessibility of products or services.

8.4.3 Electronic and Information Resources (EIR) Warranty

System is required to acquire all EIRs in compliance with the legal requirements governing access to such EIRs by individuals with disabilities ("EIR Accessibility Requirements.") The EIR Accessibility Requirements applicable to the University are set forth in Chapter 2054, Subchapter M of the *Texas Government Code*, Title 1, Section 206.70 of the *Texas Administrative Code*, and Title 1, Chapter 213, Subchapter C of the *Texas Administrative Code*. In order for System to ensure that the EIRs offered by each Proposer responding to this RFP are in compliance with the EIR Accessibility Requirements, Proposer must include all of the following in its proposal:

COMPLIANCE WITH THIS STATUTE AND THESE RULES IS NOT OPTIONAL AND THEIR APPLICABILITY CANNOT BE WAIVED.

- The vendor must warrant that the website complies with the requirements set forth in Title 1, Rules §§ 206, 213.30 and 213.36 of the *Texas Administrative Code* (as authorized by Chapter 2054, Subchapter M of the *Texas Government Code*). The proposal must provide that to the extent vendor

becomes aware that the Web site does not satisfy the EIR Category Warranty, vendor will, at no cost to System, perform all necessary remediation to make the Web site satisfy the EIR Category Warranty.

- Vendor is required to submit a completed Electronic and Information Technology (EIR) Accessibility Checklist (Appendix H) along with proposals. Proposals or bids without a completed checklist will be disqualified.

    - Vendor must provide a written explanation for each of its responses to the requirements in the Checklist with respect to the website:

    - If Proposer determines that the website ***complies*** with an applicable accessibility requirement in the Checklist, Proposer's written response to that requirement must identify how Proposer made such a determination (merely responding with "Complies" or similar non-explanatory language is ***not acceptable***.)

    - If the vendor determines that the website ***does not or will not comply*** with an applicable accessibility requirement in the Checklist, Proposer's written response to that requirement must identify the cause of such non-compliance and the ***specific*** efforts and costs that Proposer would need to assume in order to remedy such non-compliance (merely stating "Does not comply" or similar non-explanatory language is ***not acceptable***.)

    - If Proposer determines that an accessibility requirement in the Checklist ***is not applicable*** to the website, then Proposer's written response to that requirement must identify the reason for such inapplicability (merely stating "N/A" or or similar non-explanatory language is ***not acceptable***.)

- All vendor Proposals must:

    - Agree to authorize UT System to engage in product accessibility conformance testing prior to and after completion of purchase.

    - Provide the name of a person and contact information for addressing accessibility questions and issues with the product must be provided.

- Describe the vendor's capacity to respond to and resolve any complaints regarding accessibility of products or services provided pursuant to this RFP.

8.5 Prohibitions; Notice of Inquiries from third parties

The selected vendor for the System FSA plans may receive numerous inquiries from interested third parties relating to the FSA plans and their program administration. The vendor is strictly prohibited from disseminating any information about coverage, products, or materials on the vendor's Web pages other than those explicitly relating to the vendor's plan offered or service provided to System participants, including the System-specific OEB Web site.

The vendor must forward all inquiries from interested third parties relating to the System FSA plans and their program administration to the System Office of Employee Benefits.

8.6 Dissemination of Communication Materials

Communication materials may be considered "published" when a final electronic copy is delivered to the System or is accessible on the vendor's Web site. Materials that contain protected health information or other confidential information such as the member ID number must be mailed in an envelope or other mailing device designed to secure the confidential information from casual viewers.

8.7 Implementation and Account Team

By no later than March 1, 2010, the selected vendor must submit to the System a list of the vendor's implementation team. In addition, the vendor must submit a list of their service representatives to be dedicated to the System account. Service representative responsibilities will include answering questions from the System and institution Benefit Offices, scheduling vendor attendance at institution Annual Enrollment meetings, and distributing vendor materials.

The vendor's implementation team must include a designated information technology contact to interface with System regarding data transmission, data integrity, and timely processing of the data files.

8.8 Training of System Staff

The vendor must provide training to the System staff and to institution Benefit Coordinators explaining plan operations. Benefit Coordinator training occurs on an annual basis when necessary and generally during the month of June at the annual Benefits Training Workshop in Austin hosted by OEB. In addition, staff training may be required during the year based on changes to operations and needs of the System.

9.0 PERFORMANCE REQUIREMENTS

The selected vendor must comply with the System requirements listed below and report information as specified in an Administrative Performance Requirements Report submitted to the System on a quarterly basis. Appendix G of this RFP contains the required reporting format for the FSA reports.

In addition, the System has the option of using an auditing firm of its choice to conduct periodic audits of the contracting vendor on behalf of the System to determine compliance with these and other standards. The contracting vendor's compliance with these requirements will be used as review criteria during any contract renegotiations.

The vendor approved to administer the System FSA plans must agree to the financial penalties set forth in this section if performance requirements are not met.

9.1 PERFORMANCE REQUIREMENTS AND PENALTIES

9.1.1 ADMINISTRATIVE REPORT TIMELINESS

System Requirement: Each Administrative Performance Report is due no later than the 20th of the month following the end of the System plan year quarter or by the first business day following the 20th if it falls on a weekend or holiday (e.g., 3rd Quarter 2010-2011 ends May 31, 2011; June 20th falls on Saturday; therefore, the applicable report will be due to System no later than Monday, June 22, 2011).

Financial Penalty: A penalty of $2,000 may be assessed for each quarter in which the vendor fails to submit the Administrative Performance Report by the required due date.

9.1.2 COMMUNICATION REQUIREMENTS

System Requirement: The vendor must meet all due date requirements as specified in Section 8.0 of this RFP for materials related to Annual Enrollment.

Financial Penalty: A penalty of $4,000 may be assessed for each violation of the due date requirements for: (1) preparation of the System-specific Web site; and (2) distribution of plan materials.

9.1.3 Complaints

System Requirement: The average time for the vendor to resolve System participants' complaints should not exceed 30 calendar days; with at least 90% resolved in 15 days.

Quarterly Report: The vendor must report the total number of complaints (written and e-mail) received from System participants, the average length of time to resolve

those complaints, and the percentage resolved within 15 days of receipt. System specific data is required.

Financial Penalty: A penalty of $4,000 may be assessed for each quarter in which the average time to resolve complaints received from System participants exceeds 30 days, or if 90% are not resolved within 15 days.

9.1.4 Telephone Calls

System Requirement: The vendor's Customer Service average abandonment rate for telephone calls should not exceed 5%. The average time a caller waits before speaking to a vendor representative should not exceed 30 seconds.

Quarterly Report: The vendor must report its Customer Service telephone call average abandonment rate (ABR) and average speed of answer (ASA) a caller waits in queue before a live vendor representative is available. System-specific data is preferred; however, vendor may report total business information if System-specific data is not available.

Financial Penalty: A penalty of $4,000 may be assessed for each quarter that the vendor's ABR exceeds 5% and a penalty of $4,000 for each quarter that the vendor's ASA exceeds 30 seconds.

9.1.5 Claims Processing

System Requirement: Once complete information is received, the vendor should process and make at least 95% of payments to System participants within 5 business days.

Quarterly Report: The vendor must report its total number of System claims received from System participants, the total dollar amounts paid and denied, the amount pending at the end of the quarter, the average processing time (in days) for payment of these claims, and the percentage processed and paid within 5 business days from date of receipt.

Financial Penalty: A penalty of $5,000 may be assessed for each quarter that the vendor fails to meet the claims processing requirement.

9.1.6 Debit Cards

System Requirement: The vendor must issue 95% of debit cards within 5 business days after receiving a dataset which indicates enrollment or change in the HCFSA debit card program.

Quarterly Report: The vendor must report the following quarterly: (1) the total number of debit cards issued to UT FLEX participants, the total number of transactions, the total dollar amount charged on these cards, the total amount denied, and the total amount refunded; (2) the number of receipt request letters

mailed to participants and the number of transactions relating to the letter; and (3) the percentage of debit card transactions that are copayments, over-the-counter transactions, matches with the System contracting medical, prescription and dental vendors, and other transactions.

Financial Penalty: 1. A penalty of $4,000 may be assessed for each quarter that the vendor does not issue at least 95% of debit cards within 5 business days;

9.1.7 Fraud Detection

System Requirement: The vendor must document that it has a written comprehensive plan in place sufficient to detect and notify System of any fraud, abuse, overpayments, wrongful or incorrect payments with respect to the System's FSA plans and to verify enrollment.

Quarterly Report: The vendor must, in addition to providing immediate notification to system as to incidents that may impact plan participants, report any fraud, abuse, overpayments, wrongful or incorrect payments, as well as verification of enrollment, in the Quarterly Administrative Performance Requirements Report. The vendor shall also conduct investigations with regard to fraudulent or suspicious claims and report the information to the System. The System may develop further policies in connection with the detection and prevention of fraud or abuse. The vendor must comply with all such policies and is encouraged to develop additional safeguards. The vendor must report the total number of dollars recovered through fraud investigation activity and submit a written description of the vendor's comprehensive fraud detection plan, using its automated systems to detect and prevent fraud, abuse and other improprieties.

Financial Penalty: No penalty is associated with this requirement.

9.1.8 Dataset Processing

System Requirement: Maintenance eligibility datasets received by the vendor from the System on any business day by 11:00 a.m. Central Time will be processed within two (2) business days following receipt.

Financial Penalty: A penalty of $1,000 may be assessed for each successfully transmitted dataset not processed by the vendor within the specified timeframe, up to a maximum of $5,000 for each quarter.

9.1.9 Customer Service Call Center and Web Site Outages

System Requirement: Vendor customer service call center telephone and IVR outages and Web site outages should be kept to a minimum. If an outage does occur, the vendor's goal should be to restore service within one (1) hour of the outage.

Financial Penalty: A penalty of $1,000 may be assessed for each outage occurrence over one (1) hour but less than eight (8) hours. If the outage is 8 hours or more, but less than 24 hours, a penalty of $2,000 may be assessed. If the outage is 24 hours or greater, a penalty of $4,000 may be assessed. A maximum penalty of $10,000 may be assessed for each quarter of the plan year. OEB may waive the applicable penalty in cases of extenuating circumstances beyond the control of the vendor such as an outage due to severe weather, a natural disaster, or an act of terrorism.

10.0 TIME TABLE

These dates represent the best estimate of your organization's compliance with the listed requirements.

1.	Conference for Prospective Respondents	1/6/2010
2.	Proposal due date	1/22/2010
3.	Contracts finalized and signed	Feb. 2010 TBD
4.	Implementation team designated and tasks assigned	3/1/2010
5.	First planning meeting between System representatives and vendor and timetable for implementation finalized	March 2010 TBD
6.	Meetings with System-institution Benefits Offices, if necessary	May 2010 TBD
7.	System-specific vendor Web site available for testing	6/1/2010
8.	Setup of eligibility SFTP procedures and authorizations	6/1/2010
9.	Plan booklets due to System for review	6/4/2010
10.	Begin testing transmission of test eligibility data	6/15/2010
11.	Deadline for distribution of enrollment materials to institutions	6/18/2010
12.	Annual Benefits Training Workshop in Austin, Texas	6/6/2009-6/8/2009
13.	System-specific vendor Web site ready for use	6/25/2010
14.	Annual enrollment	7/1-7/31/2010
15.	Eligibility, accounting, and data management systems testing completed	8/1/2010
16.	Transmission of September 1, 2010 eligibility data sets to vendor	8/11/2010
17.	Testing/training of emergency eligibility update/review processes	8/15/2010
18.	Testing of eligibility error dataset transmission from vendor	8/25/2010
19.	Plan booklets received by participants	Prior to 9/1/2010
20.	Effective date of coverage	9/1/2010
21.	Begin testing of Self Premium Billing data	9/1/2010
22.	Transmission of Self Premium Billing data	10/1/2010

11.0 PROPOSAL EVALUATION CRITERIA

Proposals submitted in response to this RFP will be evaluated on the basis of the criteria included in this section. The criteria are not necessarily listed in order of importance. While the criteria will provide the basis for an objective evaluation of each proposal, the experience and judgment of the System staff and their advisors shall also be important in the selection process. The goal of the process will be to determine the organization that will provide the System with the best partner for the administration of the System's FSA plans during the term of the Contract.

11.1 COMPLIANCE WITH AND ADHERENCE TO THE RFP

Deviations are strongly discouraged and must be specifically identified and described in detail in order to be considered. While a proposal with minor deviations from the RFP will not be disqualified, preference may be shown to those vendors with the fewest, least significant deviations. The System will interpret vendor responses to match the specifications herein except for deviations specifically noted and described in response to this item.

11.2 ADMINISTRATIVE CAPABILITY

The organization will be evaluated on the basis of its ability to provide quality services to the System in the management and administration of the System FSA plans, as described herein.

11.3 FINANCIAL STRENGTH AND STABILITY

The System has specified a minimum organization net worth of $5 million. While a net worth substantially in excess of the minimum will not necessarily indicate a superior proposal, a net worth below the minimum will be considered as a deviation in the proposal evaluation.

11.4 RATES AND ADMINISTRATIVE COST

The System expects to receive proposals from several highly qualified organizations, all of which can provide high quality, cost-effective service. For these, a distinguishing factor will be the organization's proposed rate schedule designated for administrative costs.

11.5 DIR ACCESSIBILITY RULES

The System is required to ensure that the vendor is able to comply with the Texas Department of Information Resources Accessibility Rules and provide the required EIR Accessibility Warranty as described in Section 8.4.2 of this RFP.

11.6 OTHER

The System may determine that other factors should be considered important based on their review of the responses to the interrogatories. Examples of such factors include, but are not limited to, experience serving large group programs, prior System experience, and references. The System reserves the right to make site visits to selected finalists and to utilize information gained in those site visits in the evaluation process.

The System reserves the right to reject any and/or all proposals and/or call for new proposals if the System deems it to be in the best interests of the FSA plan and its participants. The System also reserves the right to reject any proposal submitted that does not fully comply with the RFP's instructions and criteria. The System is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

12.0 INTERROGATORIES

In order for a vendor's proposal to be considered and accepted, it must provide answers to all of the questions presented in this section. Each question must be answered specifically and in detail. Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option. Be sure to refer to all sections and appendices of this RFP including the Sample Contract before responding to any of the questions, to ensure a complete understanding of all of the System's requirements with respect to the bid.

Answers to the questions included in this section should be detailed enough to satisfactorily explain the vendor's position on each particular issue. It is the vendor's responsibility to respond to these questions in such a way that the System has a full and complete understanding of the vendor's intent. The answers to these questions will be the basis for interpretation of various aspects of the contract between the System and the organization. It is important to carefully define any key words or phrases used in answering these questions.

Each response must be preceded by the question to which the response pertains.

DEVIATIONS FROM THE RFP

1. Enumerate and provide a detailed description of each deviation from this RFP. Deviations, which are strongly discouraged, must be specifically identified in order to be considered. The System will interpret your proposal to match the specifications of this document except for deviations specifically noted and described in response to this item. If the System enters into a contract with your organization, deviations shall not become a part of the final Contract unless expressly agreed to by the System in writing and accepted by the System. See Section 3.0 of this RFP for further information regarding deviations from the Sample Contract.

GENERAL INFORMATION

Provide the following information regarding the responding vendor organization:

2. Name, address, telephone number of the responding organization. Does your organization have a local (Austin) office or an office in Texas?
3. Provide the name, address, and telephone number of your organization's corporate office (headquarters).
4. Name, title, mailing address, telephone number, FAX number, and email address of the contact person for this RFP.

5. Name, title, mailing address, telephone number, FAX number, and email address of the person authorized to execute any contract(s) that may be awarded.
6. Name, title, mailing address, telephone number, FAX number, and email address of the person who will serve as the responding vendor's legal counsel.
7. Name, title, mailing address, telephone number, FAX number, and email address of the person(s) who have signed the Administrative Fee Proposal in Section 10.0 and the Signature Page in Section 11.0 of this RFP. Confirm your organization has attached documentation of binding authority.
8. Type of incorporation (for profit/not-for profit or non-profit); publicly or privately owned; State of incorporation and date of State of Texas Certificate of Authority.
9. This RFP is for third-party administrative (TPA) services. Provide proof your organization is licensed by the Texas Department of Insurance to provide the third-party administrative services requested in this RFP in the State of Texas.
10. The names and addresses of all parties who would receive compensation as a result of your organization's selection under this RFP, including, but not limited to, consulting fees, finder's fees, broker's fees, and service fees.
11. For how long has your organization been providing FSA administration?
12. Indicate how your organization plans to assist the System in compliance with the new Texas legislation regarding Confidentiality of Social Security Numbers, as specified in Section 2.16 of this RFP.

REFERENCES

13. Include the following information regarding your existing employer membership:
    a) Provide the total number of employer groups for which you provide administrative services for Health Care and Dependent Care FSAs. Include the total enrollment of FSA participants nationally for which your organization administers FSAs.
    b) Include a list of at least five (5) employer customers for which your organization currently provides FSA administration. Specify on this list at least one large employer group with enrollment of over 10,000, at least one government entity, and at least one employer group located in Texas.
    c) Include the effective date of service for each employer group

d) For each employer group, provide the names, titles, and telephone numbers of representatives who are familiar with the FSA administrative services your organization provides.

e) Describe your organization's current and previous experience providing FSA administration to state and other government entities.

Note: By responding to the request above, you authorize the System to discuss the services you have provided for these employers and also authorize the employers to provide such information to the System and release the System and the employers from any liability arising from their actions.

14. Identify two large groups of employer customers who terminated their services with your organization during the past three years.

    a) Include the effective start date and end dates of service for each employer customer group.

    b) Include the total number of participants for each employer customer group.

    c) Provide the names, titles, and telephone numbers of representatives who are familiar with the FSA administrative services your organization provided.

Note: By responding to the request above, you authorize the System to discuss the services you have provided for these employers and also authorize the employers to provide such information to the System and release the System and the employers from any liability arising from their actions.

HUB Participation Program

15. Indicate whether the Texas General Services Commission certifies your organization as a Historically Underutilized Business (HUB) and provide any information about past participation in a HUB program. See Appendix F.
16. Indicate whether any of the FSA administrative services provided to the System will be subcontracted, including any debit card services, if applicable.

Financial Information

17. State the name and address of any sponsoring or parent corporation that provides financial support to your organization. Explain the amount and nature of the support such as guarantees and letters of credit.

18. Have there been any recent changes in your organization's ownership structure, or are any expected? If so, please describe them in detail and address the impact these changes may have relative to your organization's administration of FSAs, as described in this RFP. Indicate whether your organization is actively considering mergers or acquisitions of any kind. If so, describe in detail.
19. Include your organization's most recent annual report and most recent audited financial statement with your organization's proposal. If your organization does not have this information available, please provide total assets and liabilities and recent before tax profit/loss information to demonstrate financial solvency. Confirm that if selected, your organization will provide a copy of your audited 2003 financial statement by June 30, 2010.
20. Include copies of ratings and reports on your organization issued by independent insurance rating organizations or similar entities; e.g., Best's, Moody's, Standard & Poor's, etc.
21. Describe in detail any litigation or administrative investigation or action directed within the past ten (10) years against your organization and/or any of its officers or directors that relates to its operation. Identify the name and style of any such action including the county and state in which it occurred. Provide a brief summary of the matter in dispute and its resolution.
22. Confirm that no member of The University of Texas System Board of Regents has a financial interest, directly, or indirectly, if your organization would be awarded the contract for administration of UT FLEX.

FSA Claims Administration and Customer Service

23. What is the address of the claims office where the HCFSA and the DDCFSA reimbursements would be processed and serviced?
24. Provide answers for this question ***without*** the debit card feature for your organization's HCFSA and DDCFSA claims administration.
    a) Describe in detail and provide a flow chart showing each step of your organization's HCFSA and DDCFSA claims administration processes. Important: Give the time duration of each step, where indicated. Include at least the following:
        - The participants' claims filing process (by paper, fax, or other methods),

- Your organization's claims adjudication process (Include the approval process, denial process, and steps taken if more information is needed from participants.)
- Your organization's claims reimbursement process for mailing checks
- Your organization's claims reimbursement process for electronic direct deposit (Important: Include the time frame for notifying participants about direct deposit.)
- Your organization's mail room process (Important: Describe in detail and give the time duration of each step. Also indicate any steps performed manually, i.e., not automated.)

b) Provide a copy of your organization's claims forms and describe how participants obtain, fill out, and submit this form.

c) List the documentation employees must submit in order to receive a reimbursement.

d) How frequently will your organization process claims from System participants? How frequently will your organization reimburse by check and reimburse by direct deposit?

e) Provide your organization's average time in approving a claim and denying a claim for reimbursement. How and when are participants notified if a claim is denied?

f) Describe your organization's automated capabilities, including system edit capabilities.

g) Describe any parts of the claims administration process without automation, i.e., manually performed.

h) How does your organization audit for errors and how are corrections and updates accomplished?

i) Describe how each FSA participant would certify that any expenses reimbursed have not been (or will not be) reimbursed by another plan.

j) If an eligible individual elects COBRA, describe how your organization handles COBRA Flexible Spending Accounts.

25. Minimum withdrawal amount – Confirm that your organization does not require a minimum reimbursement amount.

26. Provide a sample employee statement and describe the information contained on the statement. Describe the methods and frequency used by your organization to distribute statements to participants.

27. **Provide the following information about the DEBIT CARD feature and its use for administration of an Health Care FSA:** (Note: Do **not i**nclude information on Dependent Day Care FSAs because the Syst**em will implement the debit card feature only for the UT FLEX Health Care FSA.)

    a) **If your organization contracts wi**th a manage**ment** or service company for some or all debit card administrative services, specify the name of the company, your organization's relationship to the administration of an FSA debit card, specify the name of the company, your organization's historical experience with this company, the services provided, and the method of reimbursement.

    b) Provide a complete description of your organization's debit card process, including a flow chart, with at least the following information: measures taken to properly adjudicate eligible claims, information needed on receipts, methods and time frame for obtaining necessary information from participants, claims substantiation, auditing of claims reimbursements, accounting for payments made in error, and recoupment of payments made in error.

    c) Describe processes for ensuring your organization's compliance (and any sub-contractor's compliance) with current and future requirements of the Internal Revenue Code, as applicable.

    d) Confirm your organization will collect a monthly UT FLEX FSA fee for each UT FLEX participant as specified in this RFP.

    e) Describe how your organization will collect an annual fee at the beginning of the plan year only for each UT FLEX participant who selects the debit card feature, or for each UT FLEX participant who automatically receives a debit card upon enrollment in the HCFSA.

    f) List in detail your organization's processes and safeguards for ensuring that only qualified expenses are approved and reimbursed.

    g) Describe your organization's debit card processes for ensuring the required claims substantiation for reimbursement of participants' qualified expenses.

h) Describe how your organization uses merchant codes with the debit card, including a description of the number and types of merchant codes, how the merchant codes are used at the "point of sale," how merchant codes are used to validate claims, and a description of the processes for handling claims not validated in connection with merchant codes.

i) Give a complete description of the debit card process for determining the availability of participant's funds to cover the transaction at "point of sale."

j) Provide a complete description of the debit card process at "point of sale" if claim not validated and not approved, including a flow chart of this process.

k) Describe your organization's process for claims substantiation using the debit card if the expense correlates to a copayment under the health plan option selected by the participant.

l) Describe your organization's process for claims substantiation using the debit card if correlated to a recurring amount for a previously approved charge, such as a prescription refill at the same pharmacy.

m) Describe the methods for claims substantiation using the debit card for a claim that does not correlate to a copayment under the plan or to a recurring reimbursement that was previously approved. For claims not correlated to a copayment, the vendor will provide a description of the process for obtaining necessary information to appropriately adjudicate and substantiate claim reimbursement.

n) Provide a description of debit card methods for obtaining participant certification stating that a health care expense has not been and will not be reimbursed under another plan.

o) For OTC drugs, provide a complete description of debit card claims adjudication with examples including at least the following: measures taken to properly adjudicate eligible claims, information needed on OTC receipts, claims substantiation for OTC drugs, "dual use" issues, auditing of OTC claims, accounting for OTC payments made in error, and recoupment of payments made in error.

p) Describe the advantages and disadvantages for participants who use the debit card as an option for HCFSA.

q) Describe the advantages and disadvantages for employers who offer the debit card as an option for HCFSA participants.

r) Describe the advantages and disadvantages for employers who provide the debit card to all HCFSA participants.

s) Describe the use of the debit card and how designated merchant codes are used for OTC drug claims.

t) How does your organization guarantee that only items eligible for FSA reimbursement as set forth in IRS guidelines are charged to the card? State how your organization will identify, prevent, and investigate any improper use of the debit card.

u) When an employee participant leaves employment, how does your organization administer the cancellation of the debit card?

v) For the administrative fee quotation in RFP Section 13.0, did your organization include both an additional fee for the optional election of a debit card and also a fee that includes an automatic debit card for all HCFSA participants?

w) Describe any legal, logistical, and practical problems associated with debit card services.

x) Describe how the appearance of the debit card would be customized for System participants. Include a sample.

y) If your organization has electronic data sharing capabilities with PBMs: Describe in detail the logistics for implementing automated claims adjudication and substantiation through electronic data sharing with Pharmacy Benefit Managers (PBMs) of the System's health plans. Are additional fees associated with this type of arrangement? If so, itemize your organization's fees. If fees are usually charged by PBMs, itemize the usual fees charged by PBMs. Note: If your organization includes this type of arrangement, include these fees in the Part D of administrative fee quotation in Section 10.0. (This fee quotation should be all-inclusive of any and all fees, including one-time setup fees.)

z) Would your organization, or its subcontractor, require the System to maintain a minimum cash balance in the Controlled Disbursement Account to facilitate the authorization of debit card transactions at the point of sale? If so, please describe how this minimum balance would be determined.

28. a) Explain the procedures used by your organization for keeping your organization's system and employees up-to-date on changes in IRS regulations and rulings and any legislation affecting FSAs.

b) Describe the sources of information used by your organization for ensuring your organization's employees and any of your organization's contractors (if any) have accurate, up-to-date FSA information. Also describe in detail the involvement of your organization's legal counsel.

c) Describe how your organization informs client organizations regarding any changes affecting FSA administration. Include examples of your organization's recent communication to FSA employer customers and their employees regarding the recent IRS statement on FSA reimbursement of certain **OTC (Over-The-Counter) drugs**.

1) Using a flow chart, describe in detail all the steps your organization will take to properly adjudicate OTC claims.
Show the steps of the adjudication process in 2 ways: with the debit card and without the debit card. Include a step-by-step description of the information needed on receipts and other claims substantiation required, the rules for using the debit card for OTC drugs, and any other pertinent information.

2) Explain in detail your organization's claims substantiation process for OTC claims.

3) Explain how your organization will address OTC claims that may have "dual usage."

4) Provide a complete description of the steps your organization would use to audit OTC claims. Describe the frequency of audits and the percentage of OTC claims that would be audited

5) Describe the steps your organization will take to recover any OTC claims paid in error if claims are not properly adjudicated.

6) Include samples of communication to participants about OTC drugs and reimbursement under HCFSA, with specific information on how to submit claims, the information needed to substantiate claims, communication

regarding approval of claims, communication if more information needed from participant, and communication regarding denial of claims.

7) Include sample sections for plan documents describing OTC items as reimbursable participant expenses. Also Include a step-by-step description of the rules for OTC drug reimbursement.

8) Describe any changes to FSA plan design your organization recommends in order to address the special issues related to OTC items. (For example, would it be effective to limit the dollar amount of OTC drugs submitted for reimbursement? Or, would it be more effective to limit the quantity of OTC drug purchased, such as limiting an amount to a 90-day supply?

29. Explain each of the services included in your organization's proposal regarding communications and participation of your personnel in employee meetings during annual enrollment periods. Will your organization provide personnel who will attend employee meetings during annual enrollment on a statewide basis? Would your organization be willing to provide personnel for these meetings at times other than 8:00 a.m. to 5:00 p.m. on regular business days to accommodate the System institutions that have 24-hour facilities? How many meetings will your organization attend?

30. Confirm your organization will provide a toll-free telephone number for participants. Confirm that telephone access will not require a password. Confirm your organization will provide a toll-free fax number for participant claims submission. Describe the days of the week and the hours of the day these services would be available for System participants.

31. Provide the following information about your organization's Account Service Team:

a) What was your organization's aggregate 2007 and 2008 employee turnover rate?

b) Indicate the average number of telephone calls and claims handled with current staff resources on a weekly basis. Describe the experience level of the individuals answering inquiries.

c) Provide an organizational chart identifying the staff members who would be responsible for the administration and account management. Identify each staff member's role on the team, the number of years working for your organization and key clients served. Additionally, identify a senior-level contact who would assist the

System with any pressing issues following implementation. Describe any other non-System duties these staff members will perform.

d) Describe the availability of UT FLEX administration training sessions at each of the System component institutions, included as part of the implementation process, as well as training sessions available on an ongoing basis.

e) If applicable and tracked separately, what was your call center turnover for 2002 and 2003 for the center that will service the System?

f) Confirm the System will be notified of any change in the account management team dedicated to the System. Describe your organization's efforts to retain talented staff and reduce turnover on account management teams who are responsible for your organization's major group accounts.

32. Confirm that your organization will provide a System-specific web site as described in this RFP. Explain your organization's current online capability for a customer service representative or System participant to view historical claims online. Include a log-on ID and web site address for viewing examples of your organization's online capabilities.
33. Describe your organization's billing processes. Include information regarding billing, grace periods, billing/payment reconciliation, and ability to provide for client self-billing. Confirm your organization accepts the System's required electronic billing capability and the 60 day grace period from the receipt of invoice.
34. Confirm your organization will provide the banking arrangements required in this RFP for administration of the FSAs.
35. Does your organization administer COBRA Flexible Spending Accounts? If so, describe in detail your organization's administration processes.
36. Confirm that your organization will provide the UT FLEX administrative services specified in the RFP, including the requirements outlined in Section 5.0.
37. Will your organization perform non-discrimination testing for the System FSAs? With what frequency would these tests be performed and at what cost?
38. Does your organization prepare annual Form 5500 returns for the Section 125 plan/flexible spending accounts as a standard service? Note that for the System, separate returns are needed for each member entity. Is there an additional charge for

this service, or is preparation of returns (for all System component institutions) included in your proposed fees? Describe the background and training (e.g., CPA) of the individual(s) who would prepare Form 5500 returns for the System.

39. How does your organization distinguish itself from other competitors in providing FSA administrative services? Describe any other special or value-added services your organization has the capacity to provide in order to address any current and future business needs in FSA administration.

Quality Assurance Program

40. Describe your organization's quality assurance program and provide the name of the designated senior executive responsible for the program and a copy of the current policies and procedures.

41. Describe your processes for monitoring the adequacy of claims service and participant satisfaction. How often are surveys conducted? What are the most recent results?

Administrative Performance: Reporting and Performance Guarantees

42. Confirm that your organization will provide the administrative performance reporting as specified in Appendix F. If your organization is not able to provide this information, give a detailed explanation for each item your organization cannot provide and state the reasons your organization cannot provide the information.

43. List and briefly describe the reports available for your employer customers. With what frequency are these reports provided?

System-Specific Web site

44. Confirm your organization can provide the required web site features described in Section 7.1 of this RFP.

45. Confirm your organization has the ability to conform to the Web Accessibility Initiative (www.w3.org/WAI) to provide web site content accessible to the majority of individuals, and that your organization will comply with the requirements of the Americans with Disabilities Act.

Data Security Requirements

46. Describe your organization's data security system and processes including breach notification.

47. Confirm that the vendor will contract to maintain all System data collected from or on behalf of System at least as securely as your organization's own data.
48. Confirm that the vendor can comply with all of the data security requirements listed in the Sample Contract.

ELIGIBILITY DATA SET TRANSMISSION

49. Confirm and certify that your organization can accept and properly manage the OEB FLEX DEDUCTION RECORD LAYOUT. (See Appendix B.)
50. Describe your organization's capability to provide automated eligibility confirmation and to accept eligibility data from the System via Internet in the OEB data set format.
51. Explain how data is entered into your organization's eligibility system. Provide a data flow diagram of process to receive, audit, and load eligibility data set. The flow diagram should indicate whether this is a current or proposed system. If proposed, then the proposed implementation date should be included. Where is the computer that maintains the eligibility system? Does your organization use a "canned" program for editing data being entered into your eligibility system or has it been developed locally?
52. Can your organization produce an electronic error report or error dataset that indicates any records have been accepted by your system and any records have been rejected? Will your organization provide such reports after each eligibility transmission?
53. Discuss the staffing and capabilities of your organization's computer operations that would be responsible for the proposed plan.
54. Normally, institutions have their data sets on the server by 5 PM. The System picks up the data sets from the server, and if the data set passes several verification tests, updates the System database using these data sets. By 5:00 A.M. the next morning the System has placed an eligibility data set on the server for the vendors to receive data sets that day. Assuming your organization is provided data on this basis, when would the information in the data set be reflected in your organization's eligibility system?
55. Review the Data Processing Interface Requirements section of this RFP, and confirm your organization's ability to meet all Data Processing requirements as listed in Section 7.2. If your organization is unable or unwilling to conform to any of these requirements, please explain in detail.

TIME TABLE

56. Confirm your organization will adhere to the time table described in Section 8.0.

ADMINISTRATIVE FEE

57. Confirm that your organization's proposed administrative fees are guaranteed for the 36-month period from September 1, 2010 through August 31, 2013.
58. Confirm that your organization's proposed administrative fees include all required services as specified in this RFP, and that the required services will have no extra fees.
59. Confirm that your organization's proposed administrative fees do not include a provision for taxes.
60. Confirm there are no minimum participation requirements for the administrative fees quoted by your organization.
61. Confirm your organization quoted in Section 13.0 an additional fee for the debit card feature as described in this RFP.
62. Confirm your organization quoted in Section 13.0 a fee inclusive of all HCFSA participants receiving a debit card.
63. Explain in detail the plan documentation and administration materials included in your organization's administrative fee (e.g., Section 125 plan documents, Summary Plan Descriptions, enrollment forms, claim forms, envelopes, etc. Confirm your organization has included in its administrative fee quotation, all the requirements specified in this RFP.
64. Will your organization offer any guarantee of maximum increases for future years? If so, what are the guarantees?
65. The System requires 210 days advance notice of administrative fee increases before the end of each plan year. Confirm that your organization agrees to this requirement.
66. As described in this RFP, the System requires a grace period of up to 60 days (including the first day) to pay administrative fees. Are you agreeable to this provision?

HIPAA COMPLIANCE

67. Confirm that your organization has the ability to provide the required dataset layouts as described in this RFP and is in compliance with the HIPAA regulations concerning data transmission. If your organization is unable to provide the required data set format by September 1, 2010, please provide your alternative data set layouts for use initially and the date when your organization will comply with the HIPAA data transmission standards.
68. Confirm that your organization will comply with current and future HIPAA regulations, rules, and mandates, pertaining to data transmission, security and privacy.

69. Explain the steps your organization has taken to prepare for compliance with HIPAA compliance plan, pertaining to the privacy and security of Protected Health Information (PHI) including the requirements added by the HITECH Act in the ARRA.
70. List any entities with whom your organization anticipates sharing or disclosing any PHI (Protected Health Information) that your organization has created or received, from or on behalf of, the System, the general purpose for which the PHI will be shared or disclosed and confirm that each entity will comply with requirements for business associates under HIPAA with regard to this PHI.
71. Confirm that your organization will comply with HIPAA regulations, rules, and mandates, pertaining to privacy of PHI including §§164.524 (Access of Individuals to PHI), 164.526 (Amendment of PHI) and 164.528 (Accounting of Disclosures of PHI) as amended by the HITECH Act of the ARRA.

THE CONTRACT

72. Confirm your organization has reviewed and agrees to the terms of the Sample Contract. See Appendix D.
73. Confirm your organization has taken all steps required by your organization's internal policies, including, if required, review by outside counsel, of the Sample Contracts, and confirm your organization can agree to these terms.
74. Describe your organization's general system for contract administration and contract compliance.
75. Describe your organization's procedures for conducting fraud detection. If none, describe the steps you are planning to take to provide your comprehensive plan to prevent fraud and abuse, as required by the sample contract.
76. Indicate the method by which your organization will confirm the person executing the contract on behalf of your organization has the authority to do so.

13.0 ADMINISTRATIVE FEE PROPOSAL

Name of Organization: _____

Part A-1: Enter the monthly administrative fee for UT FLEX. The administrative fee quotation should include administration of both FSA accounts: Health Care and Dependent Day Care. **This quote should not include the debit card feature.** The administration fee must be guaranteed for the three-year period from September 1, 2010 through August 31, 2013. **Quote the Administrative Fee as a dollar amount per employee *participant* per month.** In the fee quotation, include all required services as specified in this RFP (except the debit card feature). The administrative fee quotation must not include any minimum participation requirement and must not include any provision for taxes.

ADMINISTRATIVE FEE (Without Debit Card Feature): $_____ Per Employee Per Month

Part A-2: Itemize the dollar amount for each item that comprises the Administrative Fee in Part A.

Claims Processing/Customer Service/Communication/General Administration	**$_____**
Information Technology/Web site	**$_____**
Training/Travel to Component Institutions	**$_____**
Other_____	**$_____**
TOTAL (Should equal Part A-1 Administrative Fee)	**$_____**

Part B: The System will utilize the debit card feature as an option only for the UT FLEX Health Care FSA. (The debit card will not be offered as an option for the Dependent Care FSA.) **Quote the fee for the Debit Card as an additional one-time flat fee**. This additional fee quotation should include only the amount that would be a one-time flat fee assessed the first month the employee participates in the debit card program. This additional fee must be guaranteed for the three-year period from September 1, 2010 through August 31, 2013 and must be inclusive of all requirements specified in the RFP, including any start-up fees. The additional debit card fee must not include any minimum participation requirements and must not contain any provision for taxes.

ADDITIONAL FEE FOR OPTIONAL DEBIT CARD $_____

Part C: The System requests an additional fee quotation for the debit card if the System were to require a debit card for all participants in the UT FLEX Health Case FSA. (The debit card will not be offered as an option for the Dependent Care FSA.) **Quote the fee for the Debit Card as an additional one-time flat fee**. This additional fee quotation should include only the amount that would be assessed as a one-time flat fee assessed the first month the employee participates in the debit card program. This additional fee must be guaranteed for the three-year period from September 1, 2010 through August 31, 2013 and must be inclusive of all requirements specified in the RFP, including any start-up fees. The additional debit card fee must not include any minimum participation requirements and must not contain any provision for taxes.

ADDITIONAL FEE FOR REQUIRED DEBIT CARD $_____

I hereby certify that I have the authority to bind the above named organization concerning this Administrative Fee Proposal.

Signature of Authorized Officer_____**Date**_____

Printed Name of Authorized Officer_____Title_____

14.0 SIGNATURE PAGE

In accordance with our attached proposal(s), _____
(Print Name of Organization)
hereby agrees, if selected by The University of Texas System, to enter into negotiations for a contract to provide administration of UT FLEX (Health Care Flexible Spending Accounts and Dependent Day Care Flexible Spending Accounts) for at least the three-year period beginning September 1, 2010. I have read the RFP from which this page is taken and verify that the above named organization can meet the requirements outlined.

Printed Name of Individual Signing this Form:

_____

Address _____

City _____ State _____ Zip _____

The primary contact person regarding this proposal is:

_____

Title: _____

Mailing Address _____

Telephone # _____ Fax # _____

The Number of Addenda reviewed is _____.

I hereby certify that I have the authority to bind the above named company.

_____ _____
Signature Date

_____
Title