

**ANNE ARUNDEL COUNTY, MARYLAND
Purchasing Division
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Annapolis, Maryland, 21401
410-222-7620
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ADDENDUM NO. 1

November 6, 2009

**RFP 09-067R
EMPLOYEE BENEFITS CONSULTING SERVICES**

TO ALL OFFERORS:

PLEASE NOTE THE FOLLOWING ADDITIONAL INFORMATION:

CHANGES

- 1. The RFP due date has been changed to Monday, November 23, 2009 at 3:00pm, local time.**
2. A revised Cost Proposal will be included in the next Addendum still to come. It shall replace the original Cost Proposal form. Proposals received without this revised form may be rejected as non-responsive.
3. The remaining questions will also be addressed in the next Addendum.
4. The Successful Offeror's award will replace the current contract with both agencies (AACG and AACPS). Each agency will award its own contract based on the results of the Technical and Cost proposals of the Evaluation Committee. **Only one Offeror will be awarded a contract.**
5. The Evaluation Committee is comprised of personnel from both AACG and AACPS.
6. Section 3.2.1 Technical Proposal – change the first sentence to read “Each Offeror shall submit an original (identified as ORIGINAL) and **six (6)** numbered hardcopies...”
Also change the 2nd paragraph of the same Section 3.2.1 to read “To facilitate efficient evaluation of the Proposals, each Offeror shall submit **seven (7)** numbered electronic copies...”
7. Section 2.5.4.6 – Delete the 2nd bullet in this section regarding “benefits” as a requirement to this outline, and change the word “outline” to read “**approach**”.

8. Section 2.5.2.8 – The 6th bullet for confidentiality references shall be deleted as a requirement of references; however the statement “Confidentiality is expected and discretion paramount when dealing with our carriers and other clients” will become Section 2.5.2.9, and will not remain as part of the references requirement.
9. Section 2.4.1 – It is the Offeror’s responsibility to demonstrate how it meets the pass/fail requirements. Answering “yes” or “no” stating that it meets these requirements is not sufficient.
10. Several questions require extensive research to provide the requested information. There is insufficient time for the County to assemble some of this information to meet the needs in preparing proposals for this RFP. The information may be requested as a Public Information Act Request. The form is located on the County’s website (www.aacounty.org). However, if the requested information is deemed proprietary, then “pursuant to Maryland Code, State Government Article, Section 10-617(d), proprietary information is treated as confidential and may not be released by this office.” Please note that it is unlikely that the County can complete such a request prior to the RFP due date.

QUESTIONS

1. Please confirm if there is a preferred format for our proposal. Should we comment specifically on each scope item? Or provide our own descriptions with cross-references to scope items?
Answer: The preferred format is found in Section 3.2 of the RFP Specifications. The detailed Technical Proposal needs to contain at a minimum those items found in Section 2.4 and 2.5 and any items of Attachment C (2010 AACPS Benefits Initiatives) that have not already been addressed in Sections 2.4 and 2.5. Each task only needs to be answered once. If the Offeror has already responded to the requirement elsewhere in the Proposal, this may be noted and referenced to where the answer is provided rather than repeat it.
2. Please confirm that the intent is for two contracts, one with AACG and another with AACPS. Are all meetings and reports handled separately for the two entities?
Answer: Yes, there will be two separate contracts, one with Anne Arundel County (Government portion and its pooling entities), and one with Anne Arundel County Public Schools. All meetings for each contract, once awarded, will be handled separately.
3. Please confirm fiscal and plan year for the AACG and, if different for the pooling entities? AACPS?
Answer: The fiscal year for both AACG and AACPS runs from July 1 through June 30 of the following year. The (health) plan year for both AACG

and AACPS runs from January 1 through December 31. The pooling entities fiscal and plan years run the same as AACG.

4. How many regular and ad hoc meetings are anticipated per year for the AACG? AACPS? For the combined jurisdictions? When are these meetings usually held?

Answer: Both AACG and AACPS expect the Successful Offeror to attend a minimum of one regular meeting per quarter. It is unknown if there will be meetings of combined jurisdictions or how many ad hoc meetings will be needed. The meetings are expected to be held at the respective entity's main offices (AACG – 2660 Riva Road, Annapolis, MD; AACPS - 2644 Riva Road, Annapolis, MD.) however, this may be changed depending on the County's needs.

5. What is the current schedule/timing for health plan rate setting for the AACG? AACPS?

Answer: Health plan rate setting for both AACG and AACPS are generally as follows:

Preparation – April – May

Request to vendors – approximately June

Finalize – July through September

6. Please describe the budget cycle for the AACG. AACPS. Provide key dates relating to the health benefit plans.

Answer: The budget cycle is as follows for AACPS:

- **AACPS 2011 budget is developed in the fall of 2009.**
- **The Superintendent submits the budget to the Board of Education (BOE) December 2009**
- **The BOE submits the approved budget to the County Executive March 2010**
- **The County Executive submits the county budget, including the BOE budget, to the County Council in May 2010.**
- **The County Council returns its approved 2011 budget to the BOE in June 2010.**
- **The BOE reviews and approves the final 2011 budget in June 2010.**

AACG follows a similar process within its organization:

- **2011 budget is developed in the fall of 2009**
- **The budget is submitted to the County Executive in March 2010**
- **The County Executive submits the approved budget to the County Council in May 2010**
- **The County Council returns its approved 2011 budget to the County in June 2010**

Key dates relating to health benefit plans are provided in Question #5. Open Enrollment for AACG is scheduled in November each year. Open enrollment for AACPS retirees is in October and Open Enrollment for AACPS employees is in November.

7. Please provide copies of the most recent analytical reports on the benefits program. How often are these reports provided by your consultant?

Answer: AACPS presently receives reports from each vendor which are shared with the current consultant in order to make projections, negotiate rates, and set premiums. The requested reports are not readily available, and the research cannot be completed in sufficient time to meet the needs in preparing proposals for this RFP. See Changes #10 for additional information.

8. With regard to Section 2.1, please confirm if the pooling entities have the same benefit rate structure and benefit offerings as AACG. If AACG requires separate reporting for the pooling entities, please provide breakdown necessary.

Answer: AACPS requires reports with the following breakdowns:

- **Active Employees – both over 65 and under 65**
- **Retirees – both over 65 and under 65.**

The pooling entities do have the same benefit rate structure and offerings as AACG. AACG does require separate reporting for the pooling entities as follows:

- **Government**
 - **Actives**
 - **Retirees - over 65**
- under 65
- **Privitized**
 - **Actives**
 - **Retirees - over 65**
- under 65
- **Library**
 - **Actives**
 - **Retirees - over 65**
- under 65
- **College**
 - **Actives**
 - **Retirees - over 65**
- under 65

9. With regard to Section 2.3.4.11, how many union negotiations are planned and when do they usually occur? What support is required at the bargaining table?
Answer: AACG has five contracts that expire in 2010, and five contracts that expire in 2011. AACPS has three contracts that expire in June 2011, and one to expire in June 2014. The Successful Offeror is not required to directly support the County at the bargaining table; however, assistance in obtaining information from the benefits office may be requested.
10. With regard to Section 2.3.4.23, what types of benchmarking surveys are anticipated or might be required (e.g. pay, benefits)?
Answer: In general, the County utilizes benefit comparison, design and cost, and retiree information from other local jurisdictions and periodic informal benefit surveys.
11. With regard to Section 2.3.4.25 (corrected from 2.2.4.25 which does not exist in these specifications) please clarify the intent of "Offerer shall participate in" the health insurance pool? Does this refer to analysis of entities entering or exiting the pool, or to some form of actual participation in the plans?
Answer: This refers to the effect if any of the pooling entities drops out of the collective pooling or new pooling entities are added. It also includes the resulting effect of adding other jurisdictions to obtain economies of scale and the effect to pricing.
12. With regard to Section 2.3.4.28, please define the term "use pool".
Answer: "Use pool" is defined as in the Maryland Insurance Article 19-601, 19-602, and 19-603. AACPS and AACG currently have a pooling price structure for prescription drug benefits. AACPS does not currently pool with other entities for medical coverage but would consider such opportunities for the future.
13. With regard to Section 2.3.4.30, is AACG and/or AACPS currently using a performance measurement tool? If so, what system is currently used for the data analysis? What data is provided for this purpose and by whom? How frequently is data required? Please describe the desired output for the tool (e.g. provide predictive modeling capability, mechanism that will measure changes in the health risk profile of the participating population, measure vendors' impact on health risk of the population).
Answer: AACG and AACPS have used a matrix with liquidated damages for thresholds not met. The purpose of the output from a performance measurement tool is to demonstrate that the County is receiving the services as required, to channel the focus to various projects, and evaluate how these services help the County meet its objectives. Generally, such data would be provided quarterly, semi-annually, and annually.
14. With regard to Section 2.3.4.32, please define "policies" as it relates in this item.

Answer: The definition of “policies” is stated for AACPS on the Board of Educations’ website. The definition of “policies” for AACG is the plan (plan documents and contracts available to the Successful Offeror) or course of action adopted by the County per the American Century Dictionary.

15. With regard to Section 2.3.5.2, please expand on type of executive benefit plans currently available and those that may be of interest to AACG? AACPS?

Answer: Neither AACPS or AACG have any formal executive benefit plans established.

16. Section 2.3.5.4 appears to be the same as Section 2.3.4.32. Does AACPS have a different intent for this item?

Answer: Both 2.3.5.4 and 2.3.4.32 are the same. There is no intent for these to be different.

17. With regard to Section 2.3.5.9, provide a description of the current predictive modeling. Please provide most recent report(s) of the predictive modeling for AACG and/or AACPS.

Answer: Current predictive modeling is subject to the needs of the jurisdiction at the time and is subject to change. Any report(s) would need to be requested via a Public Information Act Request. See Changes #10 of this Addendum.

18. With regard to Section 2.4.1.4, please define \$70 million health fund. Does this refer to annual spending for health benefits by each client? Or does it mean reserves held by those clients?

Answer: A \$70 million health fund is defined as the approximate expenditures for a self-insured fund. The Offeror must demonstrate the ability to successfully handle an account of this size.

19. With regard to Section 2.5.4.6, please define “outline” as it relates to this item. Is this referring to a process or timeline?

Answer: The answer is covered under Changes #5.

20. Please describe data flow from carriers/vendors? Does the current consultant receive data directly or only through AACG and AACPS? Is all data received electronically?

Answer: The consultant for AACPS and AACG has access to data electronically from the healthcare and investment carriers.

21. Do AACG and AACPS negotiate jointly with any of the current carriers/vendors? Please describe the nature of support expected from the consultant on renewal negotiations. Lead negotiator? Joint negotiation? Backup support only?

Answer: AACG and AACPS usually have separate contracts and retain the right to negotiate separately. In the past the consultant has primarily been in a support function regarding negotiations. The amount of support is dependent on the County's needs at the time. The consultant has performed support by analyzing data, conducting benchmarking, providing the benefit of expertise and experience in the field, knowledge of the marketplace, and supported negotiations through informal and formal meetings. All AACPS contracts are negotiated by the Office of Purchasing.

22. Does AACG have specific Benefit Initiatives similar to those under Attachment C for AACPS? If so, please explain.

Answer: AACG has the same benefits initiatives as AACPS with the exception of #2 regarding deferred compensation.

23. When were claims audits last performed on the benefit vendors (entity and year performed)?

Answer: Historically, both AACPS and AACG have performed the claims audits in-house randomly. For AACPS a detailed eligibility audit was performed in 2008 for dependents covered by CareFirst. Other than routine carrier claims audits AACPS have not conducted a claims audit.

24. Please describe the performance guarantees currently in place with each vendor.

Answer: Detailed performance guarantees contracts are in place with Aetna, CareFirst, and Caremark for AACPS. Performance guarantees contracts are in place for AACG for Caremark, and client surveys weigh heavily for CareFirst, and CIGNA. There is insufficient time to research and provide the additional requested information in a timely fashion prior to the RFP due date. See Changes #10 of this Addendum.

25. What documentation is currently required during benefit enrollment to substantiate dependent status?

Answer: AACPS – Currently no verification is required during the normal new hire or the electronic open enrollment process. For lifestyle changes, detailed documentation is required. The healthcare HMO vendors verify college student status for AACPS. AACPS are considering a dependent eligibility audit and looking at more stringent requirements for the future. AACG – Currently at new hire and status change, AACG requires verification documents via marriage and birth documents, and any other legal documents required by law.

26. Has AACG or AACPS ever performed eligibility verification on current dependents? If so, when?

Answer: Neither AACG or AACPS have performed eligibility verification on current dependents. AACPS are considering conducting such an audit in 2010. AACG is currently working on a health care audit RFP specification.

27. What are the overall AACG and AACPS annual budgets for these services for the current fiscal year?

Answer: The budgeted dollars for these services are \$228,000 for AACG's current fiscal year, and \$250,000 is estimated for AACPS' current fiscal year. Important note: These budgets may change during the fiscal year as over-all County budget changes due to reductions and increases in revenue and funding.

28. Please describe the compensation basis for the current consultant - fees, retainer, commissions, combination, etc.

Answer: The current contract does not require a retainer, commissions, or a combination of the two. The County pays the hourly rate per job title/position.

29. What is the total number of hours for each project in 2008 and 2009 related to this contract?

Answer: The requested information is not readily available, and the research cannot be completed in sufficient time to meet the needs in preparing proposals for this RFP. The information may be requested as a Public Information Act Request. See Changes #10 of this Addendum for additional information.

30. What is the total compensation to the current consultant in fees, commissions and/or other forms of compensation for 2008 and 2009?

Answer: The requested information is not readily available, and the research cannot be completed in sufficient time to meet the needs in preparing proposals for this RFP. The information may be requested as a Public Information Act Request. See Changes #10 of this Addendum for additional information.

31. What are the current hourly billing rates by job title/staff member positions? Average rate?

Answer: This information may be requested via a Public Information Act Request located on the County's website. See Changes #10 of this Addendum for additional information.

32. The following items relates to the Cost Proposal Form:

- a. Please confirm that Attachment D will apply to both AACG and AACPS.
- b. Please define each job title/staff member category as it is intended by AACG and AACPS.
- c. Must Offerors use only the categories listed on Attachment D, or are other job categories be added?
- d. Please confirm that only hourly rates are required for the proposal and that total costs will be determined on a task order basis for each major component and project after award of the contract.

- e. Please describe in detail the formula you expect Offerors to use in calculating the average hourly rate. Straight average of all rates? Weighted average? If weighted, based on estimated hours, number of positions, or another measure?

Answers:

- a. **Yes, Attachment D will apply to both AACG and AACPS. Please note there will be a REVISED Attachment D provided in the next Addendum.**
- b. **This will be addressed in the next Addendum.**
- c. **This will be addressed in the next Addendum.**
- d. **This will be addressed in the next Addendum.**
- e. **This will be addressed in the next Addendum.**

33. Section 3.1 - Primary Scope of Work

- This shall require services including the preparation, evaluation, and administration of Invitation for Bid (IFB) and Request for Proposal (RFP) solicitations, voluntary benefits, analysis of financial portfolios, **retirement benefits**, compliance, wellness, and other items related to the field.

At the pre-proposal conference, it was mentioned that Retirement Consulting was not part of this RFP. However, Retirement Benefits are indicated in Section 2.3.1 as part of the Primary Scope of Work. Can the County clarify its position on this question?

Answer: AACG – Retirement consulting is not as in Pension but as it relates to health benefits, ie Medicare, disability, retired, and then re-hired, etc. AACPS employees are participants in the Maryland State Retirement Plan and consulting related to that benefit is unnecessary. AACPS does offer a Supplemental Retirement Program comprised of a 403(b) plan and a 457(b) plan and consulting is required related to that program.

34. Section 2.3.4.25 The Successful Offeror shall participate in and expand the County's health insurance pool to take advantage of larger group purchasing power and to minimize fiscal risk to the County.

This question appears to be referring to options involving coalitions. However, we would like to have clarification from the County with regards to the intent of this task. In addition, it appears to be very similar to task 2.3.4.28.

Answer: See Question # 11. The County has a budget deficit and is open to any ideas to save money.

35. Section 2.3.4.28 The Successful Offeror shall assist the County in expanding the "use pool", specifically by recommending ways the County can coordinate with the County's Board of Education or other governmental agencies, to achieve favorable pricing and joint use of administrative processes.

See question above regarding 2.3.4.25. Clarification of the intent of this task?

Answer: See Question #12. The County has a budget deficit and is open

to any ideas to save money.

36. Section 2.5.2.2 Offeror shall provide the size and structure of the organization such as the number of employee/staff. Offeror shall also include:
- A summary of the turnover of staff and the number of clients each staff person is responsible for.

Does the County want the turnover of staff information for the local office serving your organization and/or an average for Aon nationally? With regard to the number of clients each staff person is responsible for, does the County want this information with respect to each of the key personnel who will be assigned to your account?

Answer: The County is primarily interested in a summary of the turnover of the local office staff; however an average nationally is also requested. The County does want the number of clients each staff person is responsible for in respect to each of the key personnel that will be assigned to the contract account to understand workload and focus of resources for the County's contract.

37. Section 2.5.2.8 References
- Confidentiality references. Confidentiality is expected and discretion paramount when dealing with our carriers and other clients. Offeror shall provide current references that demonstrate this feature.

We are acutely aware of the need and importance of confidentiality. However, can we have some clarification of the request of the County.

Answer: This particular section has been eliminated as a reference requirement for the RFP.

38. Section 2.5.3 Offeror's Work Plan
- The Offeror shall provide a general work plan including an explanation of the methodology to be followed, to perform the services required in the RFP. In developing the work plan, reference shall be made to the capacity of the Offeror to successfully complete the work as outlined in the Task Lists to include services from other offices in the firm not located locally.

Can the respondents provide one general approach to a work plan that would include an RFP process? Or is the County asking for a work plan to be provided for each individual item outlined in the Task List? This would be for the sections 2.3.4 for the County and 2.3.5 for AACPS and Attachment C for AACPS on 2010 Benefit Initiatives.

Answer: See answer to Question #1 of this Addendum.

39. Section 2.5.4.6 The Offeror shall provide a realistic outline based on previous experience for:
- Medicare D attestation
 - Benefits
 - SPD guidelines
 - GASB Data Specs

If possible, can the County elaborate on the expected contents of the outline mentioned in Section 2.5.4.6? There are multiple ways this can be addressed, however, we want to be specific to your expectations. Also, please clarify what you would want addressed with regard to Benefits, and GASB Data Specs.

Answer: See answer to Changes #5 of this Addendum. The “Benefits” portion of this requirement has been deleted. GASB consulting is not just data specifications but includes several steps of the process.

40. Section 2.5.4.7 The Offeror shall provide any additional optional programs that are available through the Offeror.

Is the County asking for the capabilities and services offered or available outside of the Task Lists presented in this RFP in terms of the Scope of Work to be Performed?

Answer: The County is asking for information about the service capabilities of the Offeror outside of the Task Lists presented in this RFP should a need arise in the future.

41. Regarding 2010 AACPS Benefits Initiatives – page 40.

We would like to confirm if we should respond to these Initiatives individually to address the needs of AACPS?

Answer: Yes, please address the AACPS initiatives individually but if already answered elsewhere the Offeror may refer to the previously answered section rather than repeat it. It is important that this reference is accurate. These initiatives should be addressed as part of the Offeror’s Work Plan in the Technical Proposal.

42. Cost Proposal Form – page 41.

Please confirm the County is asking for hourly rates only. And, could you clarify the formula used to calculate the average rate?

Answer: The County is in the process of modifying the Cost Proposal. This information will be supplied in the next Addendum.

43. Section 5.3.1 Commercial General Liability (Insurance) states “the general aggregate limit is to apply per project.” Please explain.

Answer: This requirement permits the general aggregate to apply exclusively to the activity undertaken for the County and not exhaust the general aggregate limit all together. If an Offeror can show evidence of excess coverage, the County will consider not requiring the per project listing.

44. Should there be a response to each task in Section 2.3.4? What if this was already answered elsewhere?

Answer: Yes, but if already answered elsewhere the Offeror may refer to the previously answered section rather than repeat it. It is important that this reference is accurate. These initiatives should be addressed as part of the

Offeror's Work Plan in the Technical Proposal.

NOTE: THIS ADDENDUM AND ACKNOWLEDGMENT SHALL ACCOMPANY THE PROPOSAL TO MAKE IT VALID. A PROPOSAL MAY BE REJECTED IF ANY ADDENDUM IS NOT SIGNED AND SUBMITTED WITH THE PROPOSAL.

Return to:
Rebecca Zimmerman, Buyer IV
Anne Arundel County Purchasing Department
2660 Riva Road, 3rd Floor
Annapolis, MD 21401

Sir/Madam:

This will acknowledge receipt of **Addendum No. 1 to RFP #09-067R EMPLOYEE BENEFITS CONSULTING SERVICES.**

Date: _____ FIRM NAME: _____

SIGNATURE: _____

TITLE: _____

Signature must conform to requirements of Proposal.