



**STATE OF TENNESSEE  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**REQUEST FOR PROPOSALS  
FOR  
HEALTH SAVINGS ACCOUNT AND  
FLEXIBLE SPENDING ACCOUNT SERVICES**

**RFP # 31786-00147**

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## 1. INTRODUCTION

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The State of Tennessee, Department of Finance and Administration, Benefits Administration Division, hereinafter referred to as "the State," issues this Request for Proposals (RFP) to define minimum contract requirements; solicit responses; detail response requirements; and, outline the State's process for evaluating responses and selecting a contractor to provide the needed goods or services.

Through this RFP, the State seeks to procure necessary goods or services at the most favorable, competitive prices and to give ALL qualified respondents, including those that are owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises, an opportunity to do business with the State as contractors, subcontractors or suppliers.

### 1.1. Statement of Procurement Purpose

#### Overview

The State is seeking to procure a qualified health savings account (HSA) trustee and a Flexible Spending Arrangement (FSA) administrator that can manage the HSA and FSA services described in Contract Section A of the *pro forma* contract. This Contractor shall establish, manage and administer HSAs for **all** State Group Insurance Program (SGIP) plan members enrolled in the Consumer Directed Health Plan ("CDHP") plan or the Local Consumer Directed Health Plan ("Local CDHP"). The Contractor shall also administer FSAs for state and higher education employees choosing to participate in the flex spending program. FSAs will not be made available under this contract to offline state agency employees, Local Education employees, or Local Government employees.

#### HSA

The Contractor will manage all aspects of the HSA included in the pro-forma contract including, but not limited to, opening a HSA for eligible CDHP members; managing the HSAs and all required reporting; interfacing with multiple participating employers (approximately 550 different employers in our multi-employer group plan structure) who choose to fund employee accounts; educating members on the investment strategies and financial options available for accountholders; developing and hosting a coordinated HSA and FSA website; offering online account services; responding to questions from members; developing educational materials; providing training to Agency Benefits Coordinators (ABCs) and Benefits Administration staff on the operation of the HSA; collaborating with other State contractors as necessary; and coordinating transition activities with the incumbent contractor.

The CDHP is one option for members alongside up to three PPOs currently offered. As of Q3 2019, there were close to 8,000 employees enrolled in the CDHP and in calendar year 2018, employee and employer contributions in the HSA were approximately \$12.9 million. Additionally, 340 members are currently utilizing the HSA investment option and have invested \$1.6 million. The amount of employer funding (if any) to the HSA varies by employer. The State currently funds state and higher education employee HSAs annually with \$250 for those with single coverage and \$500 for those with family coverage. This amount is subject to change annually based on appropriations. Local Education and Local Government agencies may choose to fund, or not fund, their employees' HSAs at any level.

#### CDHP/HSA Framework

For purposes of this procurement, respondents should assume at least five (5) plan options in 2021 (options to vary by plan): (1) the Standard PPO; (2) the Premier PPO; (3) the Limited PPO; (4) the CDHP/HSA for State and higher education employees and (5) the Local CDHP/HSA for Local Education and Local Government employees. Even though the Plan will not fund the HSA, members of the Local Government and Local Education plans may receive employer funding through their individual agency and the HSA contractor will need to coordinate with each agency to establish the necessary banking arrangements pursuant to this contract. LEA and LGA decisions concerning contribution amounts are left up to the individual school systems and local government entities and not subject to State approval. State

funding for State and higher education employee HSAs occurs each year and may vary each year depending upon budgetary constraints.

### FSA

The Contractor will manage all aspects of the FSAs (general purpose healthcare FSA, limited purpose FSA, and dependent care FSA) included in the pro-forma contract for eligible participants. This includes, but is not limited to, managing all claims substantiation and adjudication; member communications; debit card processing; employer interfaces and interactions; customer service; hosting a coordinated HSA and FSA website; member and employer reporting; and compliance support. Online enrollment services, with an online portal, shall be provided for all higher education employees to enroll in any of the FSA offerings. The Contractor shall also coordinate transition activities with the incumbent contractor.

In addition to state employees, employees of the State's other Higher Education systems (the University of Tennessee ["UT"], campuses of the Tennessee Board of Regents ["TBR"] and four (4) Locally-Governed institutions (universities) will utilize the flexible benefits services under this contract.

2018 FSA enrollment, contribution amounts, and forfeitures for the State, UT, and TBR are as follows:

	Healthcare Reimbursement FSA	Dependent care	Limited purpose FSA
<b>State</b>			
• Enrollment	4,092	500	136
• Contributions	\$4,163,858.21	\$1,452,329.25	\$81,959.52
• Forfeitures	\$26,953.33	\$30,162.36	\$4,878.66
<b>University of Tennessee (UT) system</b>			
• Enrollment	1,660	286	56
• Contributions	\$2,204,759.97	\$1,101,968.25	\$50,774.46
• Forfeitures	\$26,943.21	\$22,880.54	\$311.84
<b>Tennessee Board of Regents (TBR) and associated entities</b>			
• Enrollment	1,874	183	50
• Contributions	\$2,334,919.65	\$593,137.41	\$37,689.68
• Forfeitures	\$2,527.95	\$23,025.94	\$31.37

### Governance

The State administers the SGIP which is comprised of three separate insurance plans. As of January 2019, the SGIP provides benefits to approximately 284,000 employees, retirees and dependents through these plans. Further information about each of the three plans is detailed below.

**The State Group Insurance Plan** currently provides medical coverage to approximately 146,658 total lives. This includes 135,311 active State and higher education employees and their dependents and 11,347 pre-65 retirees and their dependents. There are three self-funded health plan options: a Standard PPO, a Premier PPO, and a CDHP with benefits currently administered by BlueCross BlueShield of Tennessee and Cigna Healthcare. Other core contractors include CVS/Caremark (pharmacy benefits manager), Optum (employee assistance and behavioral health) and ActiveHealth Management (population health and weight management).

SGIP members and retirees are also offered voluntary employee-pay-all benefits including vision administered by Davis Vision, dental from either Cigna (prepaid dental plan) or MetLife (preferred dental organization), and basic & voluntary term life insurance/AD&D administered by Securian/Minnesota Life. All vendors are subject to change.

State employees are paid through a consolidated payroll system and higher education members are paid through separate payroll systems.

**The Local Education Group Insurance Plan** is a financially separate, self-funded program. Plan options include the Premier PPO, Standard PPO, Limited PPO, and Local CDHP for employees and retirees of 131 different Local Education Agencies (LEAs). Enrollment, as of January 2019, was approximately 106,228 active employees and their dependents and 5,763 retirees and their dependents for a total of approximately 112,000 covered lives. The majority of employees are teachers; the balance is comprised of administrators, cafeteria workers, maintenance and other support personnel. LEAs who choose to participate are also offered the same vision and dental plans available to SGIP members but are not required to offer these plans. Each Local Education employee is paid through his or her LEA; there is no consolidated payroll system for these employees. Local Education employees will only be offered HSAs under this contract; they are not eligible for FSA, L-FSA or DC-FSA through the State's program.

**The Local Government Group Insurance Plan** is also a financially separate, self-funded program, available to employees of approximately 372 local governments or quasi-governmental entities (LGAs) in Tennessee. The health benefits (Standard PPO, Premier PPO, Limited PPO, and Local CDHP) are identical to those under the Local Education Plan. As of January 2019, there were approximately 25,398 active employees and their dependents and 274 retirees and their dependents enrolled for a total of approximately 25,672 covered lives. LGAs who choose to participate are also offered the same vision and dental plans available to SGIP members but are not required to offer these plans. Each Local Government employee is paid through his or her agency; there is no consolidated payroll system for these employees. Local Government employees will only be offered HSAs under this contract; they are not eligible for FSA, L-FSA or DC-FSA through the State's program.

See the 2017 State Group Insurance Program Annual Report for a description of program and plan information. The report can be accessed at <https://www.tn.gov/content/tn/partnersforhealth.html> > Publications > Annual Reports

### Communications

Each year the State mails a "Newsletter" to all eligible and current members and retirees of the SGIP. This is the one tool used annually to directly communicate with our members regarding their benefits options. The State communicates to plan members, with the exception of retirees (which we reach by mail or call center), most often through our Agency Benefits Coordinators (ABCs). ABCs are individuals in each department who perform human resources and benefits-related functions and they serve as the State's liaison with plan members. The only way the State can communicate directly with all plan members is by mail. The State does have email addresses for *most* State employees and for *many* LEA & LGA employees, but it is not a complete list and therefore cannot be used for "all member" communications.

### Helpful Links

Please visit the following link for information and documents that may be helpful to Proposers in responding to this RFP: <https://www.tn.gov/content/tn/partnersforhealth.html>

- 1.1.2. The maximum liability for the resulting contract will be determined through the best evaluated cost proposal and estimated cost associated with this service. The maximum liability will exceed one dollar (\$1.00).

## 1.2. **Scope of Service, Contract Period, & Required Terms and Conditions**

The RFP Attachment 6.6., *Pro Forma* Contract details the State's requirements:

- Scope of Services and Deliverables (Section A);
- Contract Period (Section B);
- Payment Terms (Section C);
- Standard Terms and Conditions (Section D); and,

- Special Terms and Conditions (Section E).

The *pro forma* contract substantially represents the contract document that the successful Respondent must sign.

### 1.3. **Nondiscrimination**

No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a Contract pursuant to this RFP or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The Contractor pursuant to this RFP shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

### 1.4. **RFP Communications**

- 1.4.1. The State has assigned the following RFP identification number that must be referenced in all communications regarding this RFP:

**RFP # 31786-00147**

- 1.4.2. **Unauthorized contact about this RFP with employees or officials of the State of Tennessee except as detailed below may result in disqualification from consideration under this procurement process.**

- 1.4.2.1. Prospective Respondents must direct communications concerning this RFP to the following person designated as the Solicitation Coordinator:

Seannalyn Brandmeir, Procurement and Contracting Manager  
 Tennessee Department of Finance & Administration  
 Division of Benefits Administration  
 William R. Snodgrass Tennessee Tower  
 312 Rosa L. Parks Avenue, Suite 1900  
 Nashville, Tennessee 37243  
[seannalyn.brandmeir@tn.gov](mailto:seannalyn.brandmeir@tn.gov)  
 Telephone: 615.532.4598  
 Fax: 615.253.8556

- 1.4.2.2. Notwithstanding the foregoing, Prospective Respondents may alternatively contact:

- staff of the Governor's Office of Diversity Business Enterprise for assistance available to minority-owned, woman-owned, service-disabled veteran-owned, businesses owned by persons with disabilities, and small businesses as well as general, public information relating to this RFP (visit <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/governor-s-office-of-diversity-business-enterprise--godbe--/godbe-general-contacts.html> for contact information); and
- the following individual designated by the State to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and associated federal regulations:

David Sledge  
 Title VI Coordinator  
 Tennessee Department of Finance & Administration  
 Office of Human Resources

312 Rosa L. Parks Avenue, Suite 2100  
 Nashville, Tennessee 37243  
 Phone: 615.532.4595  
 Fax: 615.741.3470  
[David.Sledge@tn.gov](mailto:David.Sledge@tn.gov)

- 1.4.3. Only the State's official, written responses and communications with Respondents are binding with regard to this RFP. Oral communications between a State official and one or more Respondents are unofficial and non-binding.
- 1.4.4. Potential Respondents must ensure that the State receives all written questions and comments, including questions and requests for clarification, no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.4.5. Respondents must assume the risk of the method of dispatching any communication or response to the State. The State assumes no responsibility for delays or delivery failures resulting from the Respondent's method of dispatch. Actual or digital "postmarking" of a communication or response to the State by a specified deadline is not a substitute for the State's actual receipt of a communication or response.
- 1.4.6. The State will convey all official responses and communications related to this RFP to the prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to RFP Section 1.8).
- 1.4.7. The State reserves the right to determine, at its sole discretion, the method of conveying official, written responses and communications related to this RFP. Such written communications may be transmitted by mail, hand-delivery, facsimile, electronic mail, Internet posting, or any other means deemed reasonable by the State. For internet posting, please refer to the following website: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/supplier-information-/request-for-proposals--rfp--opportunities1.html>.
- 1.4.8. The State reserves the right to determine, at its sole discretion, the appropriateness and adequacy of responses to written comments, questions, and requests related to this RFP. The State's official, written responses will constitute an amendment of this RFP.
- 1.4.9. Any data or factual information provided by the State (in this RFP, an RFP amendment or any other communication relating to this RFP) is for informational purposes only. The State will make reasonable efforts to ensure the accuracy of such data or information, however it is the Respondent's obligation to independently verify any data or information provided by the State. The State expressly disclaims the accuracy or adequacy of any information or data that it provides to prospective Respondents.

#### 1.5. **Assistance to Respondents With a Handicap or Disability**

Prospective Respondents with a handicap or disability may receive accommodation relating to the communication of this RFP and participating in the RFP process. Prospective Respondents may contact the Solicitation Coordinator to request such reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

#### 1.6. **Respondent Required Review & Waiver of Objections**

- 1.6.1. Each prospective Respondent must carefully review this RFP, including but not limited to, attachments, the RFP Attachment 6.6., *Pro Forma* Contract, and any amendments, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called "questions and comments").

- 1.6.2. Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.6.3. Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline.

### 1.7. **Pre-Response Conference**

A Pre-response Conference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. Pre-response Conference attendance is not mandatory, and prospective Respondents may be limited to a maximum number of attendees depending upon overall attendance and space limitations.

The conference will be held at:

The conference will be held at:

Conference Center North  
William R. Snodgrass Tennessee Tower  
3rd Floor – **Conference Room B**  
312 Rosa L. Parks Avenue  
Nashville, Tennessee 37243  
Telephone: 615.532.4598

Please enter the building on the Seventh Avenue side (adjacent to War Memorial Plaza). Check in at the security desk on the Third Floor. Arrive early due to heightened security. You must show a government issued photo ID.

#### **Webex information:**

[Webex meeting](#) (active link to web address)

Meeting number (access code): 642 747 372

Meeting password: gmTNVRQm

The purpose of the conference is to discuss the RFP scope of goods or services. The State will entertain questions, however prospective Respondents must understand that the State's oral response to any question at the Pre-response Conference shall be unofficial and non-binding. Prospective Respondents must submit all questions, comments, or other concerns regarding the RFP in writing prior to the Written Questions & Comments Deadline date detailed in the RFP Section 2, Schedule of Events. The State will send the official response to these questions and comments to prospective Respondents from whom the State has received a Notice of Intent to respond as indicated in RFP Section 1.4.6. and on the date detailed in the RFP Section 2, Schedule of Events.

### 1.8. **Notice of Intent to Respond**

Before the Notice of Intent to Respond Deadline detailed in the RFP Section 2, Schedule of Events, prospective Respondents should submit to the Solicitation Coordinator a Notice of Intent to Respond (in the form of a simple e-mail or other written communication). Such notice should include the following information:

- the business or individual's name (as appropriate);
- a contact person's name and title; and
- the contact person's mailing address, telephone number, facsimile number, and e-mail address.

**A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response, however, it is necessary to ensure receipt of any RFP amendments or other notices and communications relating to this RFP.**

**1.9. Response Deadline**

A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events. The State will not accept late responses, and a Respondent's failure to submit a response before the deadline will result in disqualification of the response. It is the responsibility of the Respondent to ascertain any additional security requirements with respect to packaging and delivery to the State of Tennessee. Respondents should be mindful of any potential delays due to security screening procedures, weather, or other filing delays whether foreseeable or unforeseeable.



## 2. RFP SCHEDULE OF EVENTS

2.1. The following RFP Schedule of Events represents the State's best estimate for this RFP.

EVENT	TIME (central time zone)	DATE
1. RFPs Issued		January 10, 2020
2. Disability Accommodation Request Deadline	2:00 p.m.	January 16, 2020
3. Pre-response Conference	9:30 a.m.	January 17, 2020
4. Notice of Intent to Respond Deadline	2:00 p.m.	January 21, 2020
5. Written "Questions & Comments" Deadline	2:00 p.m.	January 27, 2020
6. State Response to Written "Questions & Comments"		February 18, 2020
7. Response Deadline	2:00 p.m.	March 2, 2020
8. State Completion of Technical Response Evaluations		March 25, 2020
9. State Schedules Respondent Oral Presentation		March 27, 2020
10. Respondent Oral Presentation	9 a.m. – 4 p.m.	April 8-10, 2020
11. State Opening & Scoring of Cost Proposals		April 13, 2020
12. State Notice of Intent to Award Released		April 24, 2020
13. RFP Files Opened for Public Inspection		April 27 – May 4, 2020
14. End of Open File Period		May 4, 2020
15. State sends contract to Contractor for signature		May 5, 2020
16. Contractor Signature Deadline		May 12, 2020

2.2. **The State reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary.** Any adjustment of the Schedule of Events shall constitute an RFP amendment, and the State will communicate such to prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to section 1.8).

### 3. RESPONSE REQUIREMENTS

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#### 3.1. Response Form

A response to this RFP must consist of two parts, a Technical Response and a Cost Proposal.

- 3.1.1. **Technical Response.** RFP Attachment 6.2., Technical Response & Evaluation Guide provides the specific requirements for submitting a response. This guide includes mandatory requirement items, general qualifications and experience items, and technical qualifications, experience, and approach items all of which must be addressed with a written response and, in some instances, additional documentation.

**NOTICE: A technical response must not include any pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it.**

- 3.1.1.1. A Respondent must use the RFP Attachment 6.2., Technical Response & Evaluation Guide to organize, reference, and draft the Technical Response by duplicating the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
- 3.1.1.2. A Technical Response should be economically prepared, with emphasis on completeness and clarity, and should NOT exceed 100 pages in length (maps, graphs, charts, as noted and included as an appendix will not count against this page limit). A response, as well as any reference material presented, must be written in English and must be written on standard 8 ½" x 11" pages (although oversize exhibits are permissible) and all text must be at least a 12 point font. All response pages must be numbered.
- 3.1.1.3. All information and documentation included in a Technical Response should correspond to or address a specific requirement detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide. All information must be incorporated into a response to a specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will not contribute to evaluations.
- 3.1.1.4. The State may determine a response to be non-responsive and reject it if:
- a. the Respondent fails to organize and properly reference the Technical Response as required by this RFP and the RFP Attachment 6.2., Technical Response & Evaluation Guide; or
  - b. the Technical Response document does not appropriately respond to, address, or meet all of the requirements and response items detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 3.1.2. **Cost Proposal.** A Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

**NOTICE: If a Respondent fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.**

- 3.1.2.1. A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information.
- 3.1.2.2. The proposed cost shall incorporate ALL costs for services under the contract for the total contract period, including any renewals or extensions.
- 3.1.2.3. A Respondent must sign and date the Cost Proposal.
- 3.1.2.4. A Respondent must submit the Cost Proposal to the State in a sealed package separate from the Technical Response (as detailed in RFP Sections 3.2.3., *et seq.*).

### 3.2. Response Delivery

- 3.2.1. A Respondent must ensure that both the original Technical Response and Cost Proposal documents meet all form and content requirements, including all required signatures, as detailed within this RFP, as may be amended.
- 3.2.2. A Respondent must submit original Technical Response and Cost Proposal documents and copies as specified below.
  - 3.2.2.1. One (1) original Technical Response paper document labeled:
 

**“RFP # 31786-00147 TECHNICAL RESPONSE ORIGINAL”**

and seven (7) digital copies of the Technical Response each in the form of one (1) digital response with **separate individual corresponding appendices or exhibits** in “PDF” format properly recorded on its own otherwise blank, USB flash drive labeled: **“RFP # 31786-00147 TECHNICAL RESPONSE COPY”**

The digital copies should not include copies of sealed customer references, however any other discrepancy between the paper Technical Response document and any digital copies may result in the State rejecting the proposal as non-responsive.
  - 3.2.2.2. One (1) original Cost Proposal paper document labeled:
 

**“RFP # 31786-00147 COST PROPOSAL ORIGINAL”**

and one (1) copy in the form of a digital document in “XLS” format properly recorded on separate, blank, USB flash drive labeled: **“RFP # 31786-00147 COST PROPOSAL COPY”**

In the event of a discrepancy between the original Cost Proposal document and the digital copy, the original, signed document will take precedence.
- 3.2.3. A Respondent must separate, seal, package, and label the documents and copies for delivery as follows:
  - 3.2.3.1. The Technical Response original document and digital copies must be placed in a sealed package that is clearly labeled:
 

**“DO NOT OPEN... RFP # 31786-00147 TECHNICAL RESPONSE FROM [RESPONDENT LEGAL ENTITY NAME]”**
  - 3.2.3.2. The Cost Proposal original document and digital copy must be placed in a separate, sealed package that is clearly labeled:

**“DO NOT OPEN... RFP # 31786-00147 COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”**

- 3.2.3.3. The separately, sealed Technical Response and Cost Proposal components may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

**“RFP # 31786-00147 SEALED TECHNICAL RESPONSE & SEALED COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”**

- 3.2.4. A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events at the following address:

Seannalyn Brandmeir, Procurement and Contracting Manager  
Tennessee Department of Finance & Administration  
Benefits Administration Division  
William R. Snodgrass Tennessee Tower  
312 Rosa L. Parks Avenue, Suite 1900  
Nashville, Tennessee 37243

### 3.3. Response & Respondent Prohibitions

- 3.3.1. A response must not include alternate contract terms and conditions. If a response contains such terms and conditions, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.2. A response must not restrict the rights of the State or otherwise qualify either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal. If a response restricts the rights of the State or otherwise qualifies either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.3. A response must not propose alternative goods or services (*i.e.*, offer services different from those requested and required by this RFP) unless expressly requested in this RFP. The State may consider a response of alternative goods or services to be non-responsive and reject it.
- 3.3.4. A Cost Proposal must be prepared and arrived at independently and must not involve any collusion between Respondents. The State will reject any Cost Proposal that involves collusion, consultation, communication, or agreement between Respondents. Regardless of the time of detection, the State will consider any such actions to be grounds for response rejection or contract termination.
- 3.3.5. A Respondent must not provide, for consideration in this RFP process or subsequent contract negotiations, any information that the Respondent knew or should have known was materially incorrect. If the State determines that a Respondent has provided such incorrect information, the State will deem the Response non-responsive and reject it.
- 3.3.6. A Respondent must not submit more than one Technical Response and one Cost Proposal in response to this RFP, except as expressly requested by the State in this RFP. If a Respondent submits more than one Technical Response or more than one Cost Proposal, the State will deem all of the responses non-responsive and reject them.
- 3.3.7. A Respondent must not submit a response as a prime contractor while also permitting one or more other Respondents to offer the Respondent as a subcontractor in their own responses.

Such may result in the disqualification of all Respondents knowingly involved. This restriction does not, however, prohibit different Respondents from offering the same subcontractor as a part of their responses (provided that the subcontractor does not also submit a response as a prime contractor).

3.3.8. The State shall not consider a response from an individual who is, or within the past six (6) months has been, a State employee. For purposes of this RFP:

3.3.8.1. An individual shall be deemed a State employee until such time as all compensation for salary, termination pay, and annual leave has been paid;

3.3.8.2. A contract with or a response from a company, corporation, or any other contracting entity in which a controlling interest is held by any State employee shall be considered to be a contract with or proposal from the employee; and

3.3.8.3. A contract with or a response from a company, corporation, or any other contracting entity that employs an individual who is, or within the past six (6) months has been, a State employee shall not be considered a contract with or a proposal from the employee and shall not constitute a prohibited conflict of interest.

#### 3.4. **Response Errors & Revisions**

A Respondent is responsible for any and all response errors or omissions. A Respondent will not be allowed to alter or revise response documents after the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

#### 3.5. **Response Withdrawal**

A Respondent may withdraw a submitted response at any time before the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events by submitting a written request signed by an authorized Respondent representative. After withdrawing a response, a Respondent may submit another response at any time before the Response Deadline. After the Response Deadline, a Respondent may only withdraw all or a portion of a response where the enforcement of the response would impose an unconscionable hardship on the Respondent.

#### 3.6. **Additional Services**

If a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent's Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information.

**NOTICE: If a Respondent fails to submit a Cost Proposal exactly as required, the State may deem the response non-responsive and reject it.**

#### 3.7. **Response Preparation Costs**

The State will not pay any costs associated with the preparation, submittal, or presentation of any response.

## **4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS**

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### **4.1. RFP Amendment**

The State at its sole discretion may amend this RFP, in writing, at any time prior to contract award. However, prior to any such amendment, the State will consider whether it would negatively impact the ability of potential Respondents to meet the response deadline and revise the RFP Schedule of Events if deemed appropriate. If an RFP amendment is issued, the State will convey it to potential Respondents who submitted a Notice of Intent to Respond (refer to RFP Section 1.8). A response must address the final RFP (including its attachments) as amended.

### **4.2. RFP Cancellation**

The State reserves the right, at its sole discretion, to cancel the RFP or to cancel and reissue this RFP in accordance with applicable laws and regulations.

### **4.3. State Right of Rejection**

4.3.1. Subject to applicable laws and regulations, the State reserves the right to reject, at its sole discretion, any and all responses.

4.3.2. The State may deem as non-responsive and reject any response that does not comply with all terms, conditions, and performance requirements of this RFP. Notwithstanding the foregoing, the State reserves the right to waive, at its sole discretion, minor variances from full compliance with this RFP. If the State waives variances in a response, such waiver shall not modify the RFP requirements or excuse the Respondent from full compliance, and the State may hold any resulting Contractor to strict compliance with this RFP.

### **4.4. Assignment & Subcontracting**

4.4.1. The Contractor may not subcontract, transfer, or assign any portion of the Contract awarded as a result of this RFP without prior approval of the State. The State reserves the right to refuse approval, at its sole discretion, of any subcontract, transfer, or assignment.

4.4.2. If a Respondent intends to use subcontractors, the response to this RFP must specifically identify the scope and portions of the work each subcontractor will perform (refer to RFP Attachment 6.2., Section B, General Qualifications & Experience Item B.14.).

4.4.3. Subcontractors identified within a response to this RFP will be deemed as approved by the State unless the State expressly disapproves one or more of the proposed subcontractors prior to signing the Contract.

4.4.4. After contract award, a Contractor may only substitute an approved subcontractor at the discretion of the State and with the State's prior, written approval.

4.4.5. Notwithstanding any State approval relating to subcontracts, the Respondent who is awarded a contract pursuant to this RFP will be the prime contractor and will be responsible for all work under the Contract.

### **4.5. Right to Refuse Personnel or Subcontractors**

The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any personnel of the prime contractor or a subcontractor providing goods or services in the performance of a contract resulting from this RFP. The State will document in writing the reason(s) for any rejection of personnel.

#### 4.6. **Insurance**

The State will require the awarded Contractor to provide a Certificate of Insurance issued by an insurance company licensed or authorized to provide insurance in the State of Tennessee. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as may be specified by this RFP. A failure to provide a current, Certificate of Insurance will be considered a material breach and grounds for contract termination.

#### 4.7. **Professional Licensure and Department of Revenue Registration**

- 4.7.1. All persons, agencies, firms, or other entities that provide legal or financial opinions, which a Respondent provides for consideration and evaluation by the State as a part of a response to this RFP, shall be properly licensed to render such opinions.
- 4.7.2. Before the Contract resulting from this RFP is signed, the apparent successful Respondent (and Respondent employees and subcontractors, as applicable) must hold all necessary or appropriate business or professional licenses to provide the goods or services as required by the contract. The State may require any Respondent to submit evidence of proper licensure.
- 4.7.3. Before the Contract resulting from this RFP is signed, the apparent successful Respondent must be registered with the Tennessee Department of Revenue for the collection of Tennessee sales and use tax. The State shall not award a contract unless the Respondent provides proof of such registration or provides documentation from the Department of Revenue that the Contractor is exempt from this registration requirement. The foregoing is a mandatory requirement of an award of a contract pursuant to this solicitation. To register, please visit the Department of Revenue's Tennessee Taxpayer Access Point (TNTAP) website for Online Registration and the Vendor Contract Questionnaire. These resources are available at the following:  
<https://tntap.tn.gov/eservices/#1>

#### 4.8. **Disclosure of Response Contents**

- 4.8.1. All materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Selection or rejection of a response does not affect this right. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee.
- 4.8.2. The State will hold all response information, including both technical and cost information, in confidence during the evaluation process.
- 4.8.3. Upon completion of response evaluations, indicated by public release of a Notice of Intent to Award, the responses and associated materials will be open for review by the public in accordance with Tenn. Code Ann. § 10-7-504(a)(7).

#### 4.9. **Contract Approval and Contract Payments**

- 4.9.1. After contract award, the Contractor who is awarded the contract must submit appropriate documentation with the Department of Finance and Administration, Division of Accounts.
- 4.9.2. This RFP and its contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Respondent with the apparent best-evaluated response or any other Respondent. State obligations pursuant to a contract award shall commence only after the Contract is signed by the State agency head and the Contractor and after the Contract is approved by all other state officials as required by applicable laws and regulations.
- 4.9.3. No payment will be obligated or made until the relevant Contract is approved as required by applicable statutes and rules of the State of Tennessee.

- 4.9.3.1. The State shall not be liable for payment of any type associated with the Contract resulting from this RFP (or any amendment thereof) or responsible for any goods delivered or services rendered by the Contractor, even goods delivered or services rendered in good faith and even if the Contractor is orally directed to proceed with the delivery of goods or the rendering of services, if it occurs before the Contract Effective Date or after the Contract Term.
- 4.9.3.2. All payments relating to this procurement will be made in accordance with the Payment Terms and Conditions of the Contract resulting from this RFP (refer to RFP Attachment 6.6., *Pro Forma Contract*, Section C).
- 4.9.3.3. If any provision of the Contract provides direct funding or reimbursement for the competitive purchase of goods or services as a component of contract performance or otherwise provides for the reimbursement of specified, actual costs, the State will employ all reasonable means and will require all such documentation that it deems necessary to ensure that such purchases were competitive and costs were reasonable, necessary, and actual. The Contractor shall provide reasonable assistance and access related to such review. Further, the State shall not remit, as funding or reimbursement pursuant to such provisions, any amounts that it determines do not represent reasonable, necessary, and actual costs.

#### 4.10. **Contractor Performance**

The Contractor who is awarded a contract will be responsible for the delivery of all acceptable goods or the satisfactory completion of all services set out in this RFP (including attachments) as may be amended. All goods or services are subject to inspection and evaluation by the State. The State will employ all reasonable means to ensure that goods delivered or services rendered are in compliance with the Contract, and the Contractor must cooperate with such efforts.

#### 4.11. **Contract Amendment**

After Contract award, the State may request the Contractor to deliver additional goods or perform additional services within the general scope of the Contract and this RFP, but beyond the specified Scope, and for which the Contractor may be compensated. In such instances, the State will provide the Contractor a written description of the additional goods or services. The Contractor must respond to the State with a time schedule for delivering the additional goods or accomplishing the additional services based on the compensable units included in the Contractor's response to this RFP. If the State and the Contractor reach an agreement regarding the goods or services and associated compensation, such agreement must be effected by means of a contract amendment. Further, any such amendment requiring additional goods or services must be signed by both the State agency head and the Contractor and must be approved by other state officials as required by applicable statutes, rules, policies and procedures of the State of Tennessee. The Contractor must not provide additional goods or render additional services until the State has issued a written contract amendment with all required approvals.

#### 4.12. **Severability**

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision will not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Respondents will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

#### 4.13. **Next Ranked Respondent**

The State reserves the right to initiate negotiations with the next ranked Respondent should the State cease doing business with any Respondent selected via this RFP process.



## 5. EVALUATION & CONTRACT AWARD

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### 5.1. Evaluation Categories & Maximum Points

The State will consider qualifications, experience, technical approach, and cost in the evaluation of responses and award points in each of the categories detailed below (up to the maximum evaluation points indicated) to each response deemed by the State to be responsive.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
<b>General Qualifications &amp; Experience</b> (refer to RFP Attachment 6.2., Section B)	<b>10</b>
<b>Technical Qualifications, Experience &amp; Approach</b> (refer to RFP Attachment 6.2., Section C)	<b>40</b>
<b>Oral Presentation</b> (refer to RFP Attachment 6.2., Section D)	<b>10</b>
<b>Cost Proposal</b> (refer to RFP Attachment 6.3.)	<b>40</b>

### 5.2. Evaluation Process

The evaluation process is designed to award the contract resulting from this RFP not necessarily to the Respondent offering the lowest cost, but rather to the Respondent deemed by the State to be responsive and responsible who offers the best combination of attributes based upon the evaluation criteria. ("Responsive Respondent" is defined as a Respondent that has submitted a response that conforms in all material respects to the RFP. "Responsible Respondent" is defined as a Respondent that has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.)

5.2.1. **Technical Response Evaluation.** The Solicitation Coordinator and the Proposal Evaluation Team (consisting of three (3) or more State employees) will use the RFP Attachment 6.2., Technical Response & Evaluation Guide to manage the Technical Response Evaluation and maintain evaluation records.

- 5.2.1.1. The State reserves the right, at its sole discretion, to request Respondent clarification of a Technical Response or to conduct clarification discussions with any or all Respondents. Any such clarification or discussion will be limited to specific sections of the response identified by the State. The subject Respondent must put any resulting clarification in writing as may be required and in accordance with any deadline imposed by the State.
- 5.2.1.2. The Solicitation Coordinator will review each Technical Response to determine compliance with RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A— Mandatory Requirements. If the Solicitation Coordinator determines that a response failed to meet one or more of the mandatory requirements, the Proposal Evaluation Team will review the response and document the team's determination of whether:
- the response adequately meets RFP requirements for further evaluation;
  - the State will request clarifications or corrections for consideration prior to further evaluation; or,
  - the State will determine the response to be non-responsive to the RFP and reject it.

- 5.2.1.3. Proposal Evaluation Team members will independently evaluate each Technical Response (that is responsive to the RFP) against the evaluation criteria in this RFP, and will score each in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 5.2.1.4. For each response evaluated, the Solicitation Coordinator will calculate the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, and record each average as the response score for the respective Technical Response section.
- 5.2.1.5. The Solicitation Coordinator will invite each apparently responsive and responsible Respondent to make an oral presentation.
  - 5.2.1.5.1. The oral presentations are mandatory. The Solicitation Coordinator will schedule Respondent presentations during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each Respondent's schedules. When the Respondent presentation schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.
  - 5.2.1.5.2. Respondent presentations are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.
  - 5.2.1.5.3. Oral presentations provide an opportunity for Respondents to explain and clarify their responses. Respondents must not materially alter their responses and presentations will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed during oral presentations.
  - 5.2.1.5.4. The State will maintain an accurate record of each Respondent's oral presentation session. The record of the Respondent's oral presentation shall be available for review when the State opens the procurement files for public inspection.
  - 5.2.1.5.5. Proposal Evaluation Team members will independently evaluate each oral presentation in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D.
  - 5.2.1.5.6. The Solicitation Coordinator will calculate and document the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D, and record that number as the score for Respondent's Technical Response section.
- 5.2.1.6. Before Cost Proposals are opened, the Proposal Evaluation Team will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Respondent is responsive and responsible. If the Proposal Evaluation Team identifies any Respondent that does not meet the responsive and responsible thresholds such that the team would not recommend the Respondent for Cost Proposal Evaluation and potential contract award, the team members will fully document the determination.

- 5.2.2. **Cost Proposal Evaluation.** The Solicitation Coordinator will open for evaluation the Cost Proposal of each Respondent deemed by the State to be responsive and responsible and calculate and record each Cost Proposal score in accordance with the RFP Attachment 6.3., Cost Proposal & Scoring Guide.
- 5.2.3. **Total Response Score.** The Solicitation Coordinator will calculate the sum of the Technical Response section scores and the Cost Proposal score and record the resulting number as the total score for the subject Response (refer to RFP Attachment 6.5., Score Summary Matrix).

### 5.3. Contract Award Process

- 5.3.1 The Solicitation Coordinator will submit the Proposal Evaluation Team determinations and scores to Benefits Administration's executive director for consideration along with any other relevant information that might be available and pertinent to contract award.
- 5.3.2. Benefits Administration's executive director may concur with the apparent best-evaluated Response recommendation. To effect a contract award to a Respondent other than the one receiving the highest evaluation process score, Benefits Administration must provide written justification and obtain the written approval of the Chief Procurement Officer and the Comptroller of the Treasury.
- 5.3.3. Benefits Administration will present the apparent best-evaluated Response recommendation before the State, Local Education, and Local Government Insurance Committees, as applicable, for approval to enter into a contract with the best-evaluated Respondent.

**NOTICE: The Notice of Intent to Award shall not create rights, interests, or claims of entitlement in either the apparent best-evaluated Respondent or any other Respondent.**

- 5.3.4. The Respondent identified as offering the apparent best-evaluated response must sign a contract drawn by the State pursuant to this RFP. The Contract shall be substantially the same as the RFP Attachment 6.6., *Pro Forma* Contract. The Respondent must sign the contract by the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed Contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.
- 5.3.5. Notwithstanding the foregoing, the State may, at its sole discretion, entertain limited terms and conditions or pricing negotiations prior to Contract signing and, as a result, revise the *pro forma* contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such revision of terms and conditions or performance requirements shall **NOT** materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.
- 5.3.6. If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated response.

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**RFP # 31786-00147 STATEMENT OF CERTIFICATIONS AND ASSURANCES**

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

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**The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:**

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of the RFP Attachment 6.6., *Pro Forma* Contract for the total Contract Term.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma* Contract.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the Contract.
5. The Respondent will comply with:
  - (a) the laws of the State of Tennessee;
  - (b) Title VI of the federal Civil Rights Act of 1964;
  - (c) Title IX of the federal Education Amendments Act of 1972;
  - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
  - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.
10. The Respondent affirms the following statement, as required by the Iran Divestment Act Tenn. Code Ann. § 12-12-111: "By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of its knowledge and belief that each bidder is not on the list created pursuant to §12-12-106." For reference purposes, the list is currently available online at: <https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/library-/public-information-library.html>.

**By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.**

**DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT**

**SIGNATURE:**

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**PRINTED NAME & TITLE:**

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**DATE:**

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**RESPONDENT LEGAL ENTITY  
NAME:**

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### TECHNICAL RESPONSE & EVALUATION GUIDE

**SECTION A: MANDATORY REQUIREMENTS.** The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		The Response must be delivered to the State no later than the Response Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Response and the Cost Proposal documentation must be packaged separately as required (refer to RFP Section 3.2., <i>et. seq.</i> ).	
		The Technical Response must NOT contain cost or pricing information of any type.	
		The Technical Response must NOT contain any restrictions of the rights of the State or other qualification of the response.	
		A Respondent must NOT submit alternate responses (refer to RFP Section 3.3.).	
		A Respondent must NOT submit multiple responses in different forms (as a prime and a subcontractor) (refer to RFP Section 3.3.).	
	A.1.	Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
	A.2.	Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest ( <i>e.g.</i> , employment by the State of Tennessee) and, if so, the nature of that conflict.  NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
	A.3.	Provide a current bank reference indicating that the Respondent's business relationship with the financial institution is in positive standing. Such reference must be written in the form of a standard business letter, signed, and dated within the past three (3) months.	
	A.4.	Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.	
	A.5.	Provide <b>EITHER</b> : (a) Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		<p>satisfactory credit score for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will <u>not</u> be considered responsive.) <b>OR</b></p> <p>(b) Provide a current credit rating from Moody's, Standard &amp; Poor's, Dun &amp; Bradstreet, A.M. Best or Fitch Ratings, verified and dated within the last three (3) months and indicating a positive credit rating for the Respondent.</p>	
	<b>A.6.</b>	<p>Provide the Respondent's most recent independent audited financial statements. Said independent audited financial statements <u>must</u>:</p> <ol style="list-style-type: none"> <li>(1) reflect an audit period for a fiscal year ended within the last 36 months;</li> <li>(2) be prepared with all monetary amounts detailed in United States currency;</li> <li>(3) be prepared under United States Generally Accepted Accounting Principles (US GAAP);</li> <li>(4) include the auditor's opinion letter; financial statements; and the notes to the financial statements; and</li> <li>(5) be deemed, in the sole discretion of the State to reflect sufficient financial stability to undertake the subject contract with the State if awarded pursuant to this RFP.</li> </ol> <p>NOTES:</p> <ul style="list-style-type: none"> <li>▪ Reviewed or Compiled Financial Statements will not be deemed responsive to this requirement and will <u>not</u> be accepted.</li> <li>▪ All persons, agencies, firms, or other entities that provide opinions regarding the Respondent's financial status <u>must</u> be properly licensed to render such opinions. The State may require the Respondent to submit proof that the person or entity who renders an opinion regarding the Respondent's financial status is licensed, including the license number and state in which the person or entity is licensed.</li> </ul>	
	<b>A.7.</b>	Provide a statement that the Respondent's total assets under management (AUM) for all HSAs meet a minimum of \$250,000,000.	
<p><i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i></p>			

## RFP ATTACHMENT 6.2. — SECTION B

## TECHNICAL RESPONSE &amp; EVALUATION GUIDE

**SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE.** The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
	<b>B.1.</b>	Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the response.
	<b>B.2.</b>	Describe the Respondent's form of business ( <i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).
	<b>B.3.</b>	Detail the number of years the Respondent has been in business.
	<b>B.4.</b>	Briefly describe how long the Respondent has been providing the goods or services required by this RFP.
	<b>B.5.</b>	Describe the Respondent's number of employees, client base, and location of offices.
	<b>B.6.</b>	Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.
	<b>B.7.</b>	Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
	<b>B.8.</b>	Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
	<b>B.9.</b>	Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP.  NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	<b>B.10.</b>	Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP.  NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the

## RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		Respondent to submit proof of license for each person or entity that renders such opinions.
	B.11.	Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).
	B.12.	Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP.
	B.13.	Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent's requirements under this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education (if applicable), current position with the Respondent, and employment history.
	B.14.	Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent's requirements of any contract awarded pursuant to this RFP, and if so, detail: <ul style="list-style-type: none"> <li>(a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each;</li> <li>(b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform (for your HSA product trustee, please describe the length of time your trustee has delivered these services); <u>and</u></li> <li>(c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent's response to this RFP.</li> </ul>
	B.15.	Provide documentation of the Respondent's commitment to diversity as represented by the following: <ul style="list-style-type: none"> <li>(a) <u>Business Strategy</u>. Provide a description of the Respondent's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises. Please also include a list of the Respondent's certifications as a diversity business, if applicable.</li> <li>(b) <u>Business Relationships</u>. Provide a listing of the Respondent's current contracts with business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises. Please include the following information: <ul style="list-style-type: none"> <li>(i) contract description;</li> <li>(ii) contractor name and ownership characteristics (i.e., ethnicity, gender, service-disabled veteran-owned or persons with disabilities);</li> <li>(iii) contractor contact name and telephone number.</li> </ul> </li> <li>(c) <u>Estimated Participation</u>. Provide an estimated level of participation by business enterprises owned by minorities, women, service-disabled veterans, persons with disabilities and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information: <ul style="list-style-type: none"> <li>(i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and <b>DO NOT INCLUDE DOLLAR AMOUNTS</b>);</li> <li>(ii) anticipated goods or services contract descriptions;</li> <li>(iii) names and ownership characteristics (i.e., ethnicity, gender, service-disabled veterans, or</li> </ul> </li> </ul>



## RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>disability) of anticipated subcontractors and supply contractors.</p> <p>NOTE: In order to claim status as a Diversity Business Enterprise under this contract, businesses must be certified by the Governor's Office of Diversity Business Enterprise (Go-DBE). Please visit the Go-DBE website at <a href="https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&amp;XID=9810">https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&amp;XID=9810</a> for more information.</p> <p>(d) <u>Workforce</u>. Provide the percentage of the Respondent's total current employees by ethnicity and gender.</p> <p>NOTE: Respondents that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and subcontractors. Response evaluations will recognize the positive qualifications and experience of a Respondent that does business with enterprises owned by minorities, women, service-disabled veterans, persons with disabilities, and small business enterprises and who offer a diverse workforce.</p>
	<b>B.16.</b>	<p>Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:</p> <p>(a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract;</p> <p>(b) the procuring State agency name;</p> <p>(c) a brief description of the contract's scope of services;</p> <p>(d) the contract period; and</p> <p>(e) the contract number.</p>
	<b>B.17.</b>	<p>Provide customer references from individuals who are <u>not</u> current or former State employees for projects similar to the goods or services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> <li>▪ two (2) accounts Respondent currently services that are similar in size to the State; <u>and</u></li> <li>▪ three (3) completed projects.</li> </ul> <p>References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The standard reference questionnaire, which <u>must</u> be used and completed, is provided at RFP Attachment 6.4. References that are not completed as required may be deemed non-responsive and may not be considered.</p> <p>The Respondent will be <u>solely</u> responsible for obtaining fully completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.</p> <p>(a) Add the Respondent's name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.</p> <p>(b) Send a reference questionnaire and new, standard #10 envelope to each reference.</p> <p>(c) Instruct the reference to:</p> <ol style="list-style-type: none"> <li>(i) complete the reference questionnaire;</li> <li>(ii) sign and date the completed reference questionnaire;</li> <li>(iii) seal the completed, signed, and dated reference questionnaire within the envelope provided;</li> <li>(iv) sign his or her name in ink across the sealed portion of the envelope; and</li> <li>(v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required</li> </ol>

## RFP ATTACHMENT 6.2. — SECTION B (continued)

<b>RESPONDENT LEGAL ENTITY NAME:</b>		
<b>Response Page #</b> (Respondent completes)	<b>Item Ref.</b>	<b>Section B— General Qualifications &amp; Experience Items</b>
		<p>references in time to include them within the sealed Technical Response).</p> <p>(d) <u>Do NOT open the sealed references upon receipt.</u></p> <p>(e) Enclose all <u>sealed</u> reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.</p> <p>NOTES:</p> <ul style="list-style-type: none"> <li>▪ The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required.</li> <li>▪ The State will not review more than the number of required references indicated above.</li> <li>▪ While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references.</li> <li>▪ The State is under <u>no</u> obligation to clarify any reference information.</li> </ul>
	<b>B.18.</b>	<p>Provide a statement and any relevant details addressing whether the Respondent is any of the following:</p> <ul style="list-style-type: none"> <li>(a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;</li> <li>(b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;</li> <li>(c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and</li> <li>(d) has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.</li> </ul>
		<p><b>SCORE (for <u>all</u> Section B—Qualifications &amp; Experience Items above):</b> (maximum possible score = 10)</p>
State Use – Evaluator Identification:		

## RFP ATTACHMENT 6.2. — SECTION C

## TECHNICAL RESPONSE &amp; EVALUATION GUIDE

**SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH.** The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

**0 = little value      1 = poor      2 = fair      3 = satisfactory      4 = good      5 = excellent**

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's Raw Weighted Score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.1	Provide a short (no more than 3 paragraphs) description of your understanding of the State's requirements and project schedule including how the Respondent will manage the project, ensure completion of the scope of services, and accomplish required objectives within the State's project schedule.		2	
	C.2	<p style="text-align: center;"><b><u>Experience</u></b></p> <p>(a) List the three largest clients that you have contracted with in the last five (5) years. For each client, list the following:</p> <ul style="list-style-type: none"> <li>• company name or industry (answer format = text),</li> <li>• scope of work (answer with text in bullet format),</li> <li>• number of employees served, (answer in number format), and</li> <li>• most recent client satisfaction rating (provide a percentage).</li> </ul> <p>(b) Briefly describe your experience working with plans with multiple employer agencies such as the State, which has an estimated 500 agencies that are separate employers for purposes of funding the HSA. Include in your description any particular challenges you see working with multiple employers and your proposed solutions to overcome such challenges.</p> <p>(c) Describe what you see as industry best practices surrounding HSAs and how your organization would help the state group insurance program adopt these best practices into our HSA program.</p> <p>(d) How would your organization leverage these best practices to maximize the benefits that employees get from their HSA?</p> <p>(e) Provide the following information for your</p>		6	

RESPONDENT LEGAL ENTITY NAME:																													
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score																								
		<p>organization.</p> <table border="1"> <thead> <tr> <th>As Of:</th> <th>Total HSA Accounts</th> <th>Total FSA Accounts</th> </tr> </thead> <tbody> <tr> <td>1/1/18</td> <td></td> <td></td> </tr> <tr> <td>1/1/19</td> <td></td> <td></td> </tr> <tr> <td>1/1/20</td> <td></td> <td></td> </tr> </tbody> </table> <p>(f) Provide the following information for your organization.</p> <table border="1"> <thead> <tr> <th>As Of:</th> <th>Number of Clients with HSAs</th> <th>Number of Clients with FSAs</th> </tr> </thead> <tbody> <tr> <td>1/1/18</td> <td></td> <td></td> </tr> <tr> <td>1/1/19</td> <td></td> <td></td> </tr> <tr> <td>1/1/20</td> <td></td> <td></td> </tr> </tbody> </table> <p>(g) Indicate the percentage of total HSA and FSA accountholder populations represented by large employers (5,000+ EEs) as of January 1, 2020.</p>	As Of:	Total HSA Accounts	Total FSA Accounts	1/1/18			1/1/19			1/1/20			As Of:	Number of Clients with HSAs	Number of Clients with FSAs	1/1/18			1/1/19			1/1/20					
As Of:	Total HSA Accounts	Total FSA Accounts																											
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As Of:	Number of Clients with HSAs	Number of Clients with FSAs																											
1/1/18																													
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1/1/20																													
	C.3	<p align="center"><b><u>HSA Set-Up - Employer</u></b></p> <p>(a) Confirm that you can accept and load the following additional fields specific to the State: eight digit employee ID number and ten digit department ID number on the enrollment file transmission from the State, as required in pro-forma contract Section A.14.d. (“Yes, confirm” or “No, do not confirm” If no, please explain.)</p> <p>(b) Confirm that you can support multiple employer contribution timelines such as full contribution at beginning of the year, monthly, quarterly, beginning and mid-year contributions, etc., as determined by each employer in the State plan and as required in the pro-forma contract. (“Yes, confirmed” or “No, do not confirm”. If no, please explain.)</p> <p>(c) Describe exactly what is needed from, and expected of, each employer that wishes to fund employee HSAs as well as provide for payroll deduction for their employees.</p> <p>(d) How much time is needed to establish new accounts with each employer after receipt of required data from that employer (list in days or weeks)?</p> <p>(e) Describe any software or technology requirements that each employer would need to have in place.</p>		6																									

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		<p>(f) Briefly describe how you will receive current HSA balances that our members have saved to-date with the current Contractor and open new HSAs with your organization.</p> <ul style="list-style-type: none"> <li>• How long will it take? (list in days or weeks)</li> <li>• What is needed from: <ul style="list-style-type: none"> <li>○ your organization;</li> <li>○ from members;</li> <li>○ from the State as its own employer, and</li> <li>○ from other employers participating in the group insurance program (higher education, local education, local government)?</li> </ul> </li> </ul> <p>(g) Confirm (yes or no) that current accounts will be set up and funded by January 1, 2021, with 2021 deposits ready to be funded the first week of January, as required in the pro-forma contract. If no, explain in detail.</p>			
	C.4	<p style="text-align: center;"><b><u>HSA Set-Up - Employee</u></b></p> <p>(a) Describe the member process for account set-up and discuss their experience, information you would need from them, and steps they must take.</p> <p>(b) What process is in place for employees who fail to open a HSA (particularly when there is an employer contribution)?</p> <p>(c) Regarding your customer identification process (CIP) in order to open an HSA, describe:</p> <ul style="list-style-type: none"> <li>• What are the steps in the process?</li> <li>• How long does it take to complete?</li> <li>• What is required of members?</li> <li>• How are funds returned if the account set-up is not completed?</li> <li>• Can you pend or suspend any employer contributions to an individual HSA during the CIP process?</li> </ul> <p>(d) Describe the tax reporting necessary for funds returned to the participant that you, as the custodian, will handle?</p>		7	
	C.5	<p style="text-align: center;"><b><u>HSA Investments</u></b></p> <p>(a) Confirm your capability to offer a customized investment slate to the State's HSA accountholders, as required in the pro-forma contract. ("Yes, confirm" or "No, do not confirm" If</p>		4	

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		<p>no, please explain.)</p> <p>(b) Describe your experience customizing the investment lineup with other clients?</p> <p>(c) Provide a sample copy of the portfolio performance report you will be able to provide the State quarterly which summarizes the funds offered, investment returns, and fees for the most recent 3 months, 1 year, 3 years, and 5 years.</p> <p>(d) Describe the type of investment guidance and management you are able to provide to members.</p> <p>(e) Is there an automatic sweep option available to move funds from (1) a cash account to an investment account when the cash account reaches a certain balance or (2) from an investment account to a cash account when dollars are needed in cash account to cover health care expenses?</p> <p>(f) Is the accountholder able to turn the sweep function on/off throughout the year?</p> <p>(g) Does the HSA administrator engage the services of an independent investment advisor to review the quality and appropriateness of HSA investment fund options on a periodic basis? If so, what is the name of the investment advisor used for this review service and how often is the review conducted?</p> <p>(h) Describe any additional fees (DO NOT list the amount of the fee(s)) that you charge members related to investing their HSA funds or using their HSA investments (e.g. platform fees, transaction fees, etc.).</p> <p>(i) What is the simple interest rate (APY) for your HSA cash account? Does this interest rate vary based on the size of the account balance?</p> <p>(j) Is the monthly account maintenance fee waived if the participant maintains a minimum balance level? If so, what is this level?</p>			
	<b>C.6</b>	<p style="text-align: center;"><b><u>FSA Set-up and Management</u></b></p> <p>(a) What is the average turnaround time in processing reimbursement account claims? (List in days or weeks.)</p> <p>(b) For the online enrollment portal:</p> <ul style="list-style-type: none"> <li>• Confirm your ability to establish an online enrollment portal for use by higher education members, as required in the pro-forma contract. (“Yes, confirm” or “No, do not confirm” If no, please explain.).</li> </ul>		<b>6</b>	

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		<ul style="list-style-type: none"> <li>• Describe the process for online account set-up and discuss the member experience and any member-required steps.</li> </ul> <p>(c) What communication and support do you provide to help employees avoid:</p> <ul style="list-style-type: none"> <li>• year-end forfeitures of account dollars on an FSA or L-FSA?</li> <li>• losing account dollars greater than the carry-over maximum?</li> </ul> <p>(d) Provide the auto adjudication rates and manual substantiation rates for your book of business, as well as for your largest three accounts. List only percentages for each.</p> <p>(e) Describe all methods of claims substantiation your company employs to maintain compliance with IRS rules.</p> <p>(f) Describe your ability to transition current FSA dollars that members have saved to-date and also how new FSAs would be opened with your organization.</p> <ul style="list-style-type: none"> <li>• How long will the process take?</li> <li>• What would be needed by your organization?</li> <li>• What would be needed from the State as its own employer, and other participating agencies/employers?</li> <li>• What would be needed from members?</li> <li>• Confirm that current accounts will be set up and funded by January 1, 2021, with 2021 deposits ready to be funded the first week of January, as required in the pro-forma contract (confirm “Yes” or “No”). If no, explain in detail.</li> </ul> <p>(g) Confirm your ability to contact participants enrolled in a FSA, L-FSA or DC-FSA one month before the end of the plan year and one month before the end of the runout period to notify them of their available balance and that if unclaimed, these funds will be forfeited to their employer.</p>			
	C.7	<p style="text-align: center;"><b><u>HSA and FSA Account Funding</u></b></p> <p>(a) Describe your system to allow the following member contributions, highlighting any experience with previous large clients with multiple agencies:</p> <ol style="list-style-type: none"> <li>i. HSA and FSA payroll deductions;</li> <li>ii. a one-time or recurring contribution, current or</li> </ol>		4	

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		<p>prior year;</p> <p>iii. select automatic transfers to investments; and</p> <p>iv. any differences in handling pre-tax and post-tax contributions.</p> <p>(b) Confirm that you can accept funding of member accounts based on their completion of employer approved wellness activities, as required in the pro-forma contract (“Yes, confirmed” or “No, do not confirm.” If no, provide an explanation).</p> <p>(c) What type of monitoring services do you provide to prevent employees from making contributions in excess of annual HSA contribution limits, including IRS rules that allow those 55 and older to make certain catch up contributions to their HSAs? What type of monitoring services do you have in place to prevent employees from enrolling in both a general purpose FSA and a HSA in the same plan year?</p> <p>(d) Describe how you assist members in transitioning their HSA to an individual, not state funded HSA, when they either terminate employment or move from the CDHP, as required in the pro-forma contract? Are monthly fees assessed for this type of “retail account” and deducted each month from the HSA? (answer yes or no only; do not list any fee amounts)</p>			
	<b>C.8</b>	<p><b><u>Member / Employer Support and Education</u></b></p> <p>(a) Describe what sets your organization apart from others in terms of customer service and customer experience. This could include any industry awards, recognitions, or certifications.</p> <p>(b) Provide the most recent member satisfaction scores for your top three largest clients (they do not need to be named).</p> <p>(c) What type of direct assistance do you provide to members who may have questions concerning their HSA or FSA?</p> <p>(d) Describe all options for communications directly with members (email, chat, etc.).</p> <p>(e) How would you deliver ongoing, personalized guidance to our HSA and FSA enrollees?</p> <p>(f) Describe how your customer service team would learn and adopt their service techniques based on our plan members’ needs.</p> <p>(g) Describe the training you propose to provide to the State.</p> <p>(h) Include copies of relevant training materials you propose to use for this account (video, written, webinar, etc.). Please limit your materials to no</p>		<b>9</b>	



RESPONDENT LEGAL ENTITY NAME:					
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		more than twenty (20) 8.5" x 11" pages.			
	<b>C.9</b>	<p align="center"><b><u>FSA Claims Substantiation</u></b></p> <p>(a) Describe your process for communicating and working with employees when they have been asked to submit substantiating documentation for FSA payments.</p> <p>(b) What language or call scripts do your CSRs use with employees who have been asked to substantiate a debit card transaction on their FSA or L-FSA?</p> <p>(c) How are members notified that what they provided was either correct or that the documentation was inadequate?</p> <p>(d) If documentation is inadequate, are members coached on what should be provided?</p> <p>(e) How many times are members notified?</p> <p>(f) How will the feedback loop be closed so that members are fully aware of the status of claims they have been asked to substantiate?</p> <p>(g) Provide copies of any member materials sent regarding substantiation requests.</p> <p>(h) What is the deadline for members to provide support for unsubstantiated claims?</p> <p>(i) Describe your process for offsetting allowable claims against unsubstantiated claims, and providing the member with an updated unsubstantiated claims balance.</p>		<b>6</b>	
	<b>C.10</b>	<p align="center"><b><u>Implementation</u></b></p> <p>(a) Describe the steps involved in your typical HSA and FSA implementation process.</p> <p>(b) Describe the team that would be assigned to lead this implementation. What is their experience and expertise?</p> <p>(c) Describe your experience implementing HSA and FSA products with large multi-employer clients. Include details on your experience around transitioning existing accounts from one vendor to another.</p> <p>(d) Describe the steps necessary to transfer files from the current Contractor (if applicable) with member and employer contributions to the HSAs, as well as the carry over balances from the current contractor on 12/31/2020 for healthcare FSAs and limited purpose FSAs so that all applicable funds are available to members on 1/1/2021.</p>		<b>5</b>	

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	C.11	<p style="text-align: center;"><b><u>Reporting</u></b></p> <p>Describe or provide the following information regarding your reporting capabilities:</p> <p>(a) Your standard HSA and FSA reporting packages, for both members and the client, inclusive methods of distribution, and frequency of reporting.</p> <p>(b) Describe the annual tax documents that you will provide to HSA accountholders.</p> <p>(c) Your ad-hoc reporting capabilities and the access the State will have to an ad-hoc reporting liaison to assist in the development of ad-hoc reporting requests, as well as a description of the system that the State and other employer groups and ABCs will have to review member HSA and/or FSA, L-FSA and DC-FSA enrollments, claims activities, transactions, and other pertinent details. What types of reports can the State and other ABCs prepare and run?</p> <p>(d) We are a multi-employer plan. Do your systems have the flexibility and capability to run consolidated reports of specific employers rather than a separate report for many employers that must then be aggregated (e.g. one report for all TN Board of Regents schools vs. a separate report for each school)? If not, please explain in detail how reporting would work for each employing school or university (employer).</p> <p>(e) Confirm your ability to, upon contract effective date and annually thereafter, provide the State with copies of your most recent and up-to-date SOC-1 and SOC-2 reports, as required in the pro-forma contract. ("Yes, confirm" or "No, do not confirm." If no, please explain.)</p> <p>(f) Describe the QA processes in place to ensure the accuracy of your reports/data?</p> <p>(g) Provide a copy of your standard HSA member account and investment statements.</p> <p>(h) Confirm your capability to include not only the member SSN but also the State's Edison ID (employee ID) on all reports, as required in the pro-forma contract. ("Yes, confirm" or "No, do not confirm" If no, please explain.)</p> <p>(i) Confirm your capability to provide to the employer detailed information of unsubstantiated claims information at the member level for any members who did not complete FSA debt substantiation.</p>		6	
	C.12	<b><u>Call Center</u></b>		8	

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		<p>(a) Describe the following characteristics of the member services unit/call center that will be assigned to this contract. If there are multiple facilities or groups serving the account please answer each question for each facility and/or group.</p> <ul style="list-style-type: none"> <li>i. Location (city, state) and hours of operation of the member services unit/call center and any back-up call centers (city, state).</li> <li>ii. Staffing plan including experience and qualifications of the staff.</li> <li>iii. Current turnover rate of member service representatives at the facilities to be assigned to this account (percentage).</li> <li>iv. Back-up call center operational readiness in the event of a natural disaster, etc.</li> <li>v. The flexibility of the call center to handle fluctuations in call volume, its scalability, and the proportion of its capacity currently in use.</li> <li>vi. Will call center staff be dedicated or designated to this account?</li> </ul> <p>(b) Regarding the member representatives describe the following:</p> <ul style="list-style-type: none"> <li>i. Procedures for monitoring and ensuring the quality of services provided by member services representatives and customer satisfaction.</li> <li>ii. How your customer support staff is trained and able to solve problems on a client's behalf efficiently and quickly.</li> <li>iii. How member service representatives will be trained on the specifics of this account prior to program go-live as well as ongoing training requirements.</li> </ul> <p>(c) Provide the actual 2018 and 2019 results for the following key measurements for the member services unit/call center to be assigned to this account:</p> <ul style="list-style-type: none"> <li>i. Average speed of answer (in seconds)</li> <li>ii. First call resolution (percentage)</li> </ul> <p>(d) Do you have a targeted staffing ratio for member services (e.g., 1 CSR for every 5,000 accountholders)? If so, please define.</p> <p>(e) Do your CSRs handle all of the questions relating to investments or are those calls handed off to another party?</p> <p>(f) Do your CSRs provide warm transfers to callers who need to speak to a representative from their</p>			

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		<p>health plan or pharmacy benefits manager?</p> <p>(g) If one of your clients notices a trend in member complaints and brings that issue to you, what specific steps would you take to review the overall issues and provide refresher training to your customer service representatives and/or claims processors?</p> <p>(h) Do you offer a concierge team within your customer service department to help members with complex issues or claims situations (yes or no)? If yes, please describe how this team assists members.</p>			
	C.13	<p style="text-align: center;"><b><u>Staffing</u></b></p> <p>(a) Describe the background of the proposed account team, highlighting experience on similar projects for large employers (employers with &gt; 10,000 employees);</p> <p>(b) Describe how the account team will work with the State, outside of scheduled meetings, on an ongoing basis to identify opportunities and respond to issues that arise in the industry.</p> <p>(c) Describe how your account team will receive and respond to telephone calls and emails from the State or any of our 500+ ABCs during the work day.</p> <p>(d) Describe the account team's access to appropriate executive sponsors to escalate and resolve issues of importance to the State.</p> <p>(e) Describe the person(s) who will be on the account team or directly assist the account team with information technology issues or questions that may arise (e.g. an enrollment file issue or question, funding file issue or question). How will this person work to resolve an issue deemed urgent by the State.</p>		4	
	C.14	<p style="text-align: center;"><b><u>Communications/Materials</u></b></p> <p>(a) Describe the types and frequency of communications you have used with clients who launched your HSA and FSA services in the past three years. Focus your narrative on your experience with larger employers (member base greater than 10,000).</p> <p>(b) Provide <u>actual</u> samples of your communications with similar, past projects where employers offered a CDHP/HSA option along with existing plan options as well as a FSA. In your samples, include at least <b><u>one</u></b> example of each of the following:</p> <ul style="list-style-type: none"> <li>• Email blast templates or other forms of</li> </ul>		4	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>communications with plan members;</p> <ul style="list-style-type: none"> <li>• Any direct mailings;</li> <li>• Any relevant employer training materials;</li> <li>• Examples of other member educational pieces you have prepared; and</li> <li>• Ongoing educational materials.</li> </ul> <p>Please limit your response to no more than twenty (20) pages of 8.5" x 11" materials.</p> <p>(c) Describe any push notifications or alerts to members as part of your services. Describe any such alerts, what triggers the alerts, and how a member will access them.</p> <p>(d) Confirm your ability to have staff attend benefit fairs as requested by ABCs throughout the year, as required in the pro-forma contract. The cost of attendance and travel shall be borne by the Contractor.</p> <p>(e) Confirm your ability to prepare and present live webinars for members or ABCs educational purposes throughout the year as requested by the State, as required in the pro-forma contract.</p> <p>(f) Confirm your ability to develop a written marketing and communications plan as required in the pro-forma contract.</p>			
	<b>C.15</b>	<p style="text-align: center;"><b><u>Debit Cards</u></b></p> <p>(a) What debit card vendor does your organization partner with in administration? What qualifications or experience lead you to choose this partner?</p> <p>(b) Describe any restrictions placed on debit cards to prevent payment for non-qualified medical expenses.</p> <p>(c) Is there a daily spending limit on HSA debit card purchases (answer with a dollar amount or with "n/a")</p> <p>(d) What edits do you have in place to auto substantiate a member's copays or coinsurance at a pharmacy or provider's office in order to limit the number of claims substantiation requests that a member would receive?</p> <p>(e) Describe your experience with, and capability to, accept claims feeds from various client contractors (e.g. medical, dental, vision) and auto-match claims, thus reducing the number of claims substantiation requests that a member would receive?</p>		<b>8</b>	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>(f) Explain your ability to provide the State, if requested, copies of any notifications that you may send to our employees after a debit card transaction is not substantiated, as well as what must happen before a debit card is deactivated.</p> <p>(g) Are members notified when a suspended debit card is reactivated? Other than claim substantiation or repayment, are there other events that will activate a deactivated debit card?</p>			
	C.16	<p><b><u>Splash Page, Contractor Website, Mobile App.</u></b></p> <p>(a) Describe or provide the following information regarding your <u>proposed</u> website and splash page for the State:</p> <ol style="list-style-type: none"> <li>i. Screen shots of the proposed website home page, login and resources or links pages which members can access.</li> <li>ii. Your ability to provide a fully customizable, cobranded, contractor owned-and-operated splash page that the State can review for clarity and content prior to the go-live date;</li> <li>iii. The specific member data that will be included;</li> <li>iv. Security measures utilized to protect member data/PHI or others from accessing the microsite;</li> <li>v. Your ability to integrate online chat options and any other smartphone mobile applications;</li> <li>vi. Educational materials you propose to include on your website, highlighting content that is aimed at: reducing health care costs, defining eligible expenses and educating members on investment strategies for their HSA. Please limit your response to twenty (20) 8.5' x 11" pages.</li> </ol> <p>(b) What web functionality is available to support HSA investments?</p> <p>(c) If investments are part of a third party site, please specify who administers the site.</p> <p>(d) Is there a single sign-on for members who have more than one type of account (e.g. HSA and L-FSA, or FSA and DC-FSA, etc.)? Is there a single sign-on from your website to the investments website or do members need to log in twice?</p> <p>(e) How quickly do processed claims show up on the consumer portal (e.g., real time, nightly, etc.)?</p> <p>(f) Describe any mobile apps (compatible with iPhone and Android) currently available to your HSA and</p>		8	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>FSA accountholders.</p> <p>(g) Confirm that you shall allow, as required in the pro-forma contract, the State to review and consent to, prior to contract signature and at any time during the term of the contract, any revisions you make to the website, the graphical user interface of the website, the HSA Custodial Agreement and any Terms and Conditions that a member must consent to in order to be granted access to online account information for their HSA or any type of FSA to ensure that it is in compliance with the terms of any contract that may result.</p>			
	C.17	<p style="text-align: center;"><b><u>Information Systems</u></b></p> <p>(a) Describe your experience and expertise with receiving eligibility, claims or similar data files from other clients and their contracted vendors.</p> <p>(b) Other than the State and multiple employer agencies, identify any other vendors from which you propose to receive data for this RFP, i.e. subcontractors, etc.</p> <p>(c) Describe your experience working with multiple payroll systems for multiple employers, all of whom fund accounts differently.</p> <p>(d) Describe in detail how you would be able to separate accounts (or employers) under one larger employer. For example, all of the 26 Tennessee College of Applied Technology (referred to as the "TCATs") need to be under the Tennessee Board of Regents (TBR) System Office umbrella, but they still need to be separate under the TBR employer ID. How would this look and work, particularly for higher education employees who may transfer or move their employment from one agency to another? Would their FSA and/or HSA have to be closed under their former employer, a new account created and debit card sent out under their new employer? Or could everything stay the same?</p> <p>(e) Describe the capabilities and the expertise of the staff/personnel dedicated to support information system operations.</p> <p>(f) Describe how you unify your platform for various consumer-directed spending accounts (HSA, FSA) to ensure integrated messaging for customer service support and communications tools and supporting employer compliance with the specific rules governing the various accounts.</p> <p>(g) Describe your quality assurance procedures to ensure the accuracy of data processing.</p> <p>(h) Confirm your agreement, as required in the pro-</p>		4	

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		forma contract, that no information gathered as a result of this contract will be shared, published, or released to external entities, affiliates, a parent company or subsidiaries with the prior written consent of the State.			
	<b>C.18</b>	<p style="text-align: center;"><b><u>Compliance</u></b></p> <p>(a) Describe how your company stays current with the latest HSA and FSA regulations to ensure programs are administered in accordance with current rules and remain compliant with changing regulation.</p> <p>(b) Describe your procedures for non-discrimination testing and how you educate employers on such regulations.</p> <p>(c) Describe what other experience you have with customers requiring use of some other primary identifier other than the SSN?</p> <p>(d) Do you require your customers to use your file layout?</p>		<b>2</b>	
	<b>C.19</b>	<p style="text-align: center;"><b><u>Privacy &amp; Confidentiality</u></b></p> <p>Describe the safeguards to protect the privacy and confidentiality of Members and to prevent unauthorized use or disclosure of Protected Health Information (PHI) that you create, receive, transmit, or maintain.</p> <p><b>Complete Appendix 7.1</b> regarding HIPAA Business Associate Assessment and submit it with your technical response as a separate appendix/exhibit file.</p>		<b>1</b>	
<p><i>The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.</i></p>					<p><b>Total Raw Weighted Score:</b> <i>(sum of Raw Weighted Scores above)</i></p>
<p style="text-align: center;"> <b>Total Raw Weighted Score</b>  <hr/> <b>Maximum Possible Raw Weighted Score</b>  <i>(i.e., 5 x the sum of item weights above)</i> </p>					<p style="text-align: center;"> <b>X 40</b>  <i>(maximum possible score)</i> </p> <p style="text-align: center;"><b>= SCORE:</b></p>
<p><i>State Use – Evaluator Identification:</i></p>					
<p><i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i></p>					



**TECHNICAL RESPONSE & EVALUATION GUIDE**

**SECTION D: ORAL PRESENTATION.** The Respondent must address ALL Oral Presentation Items (below).

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the presentation response to each item. Each evaluator will use the following whole-number, raw point scale for scoring each item:

**0 = little value      1 = poor      2 = fair      3 = satisfactory      4 = good      5 = excellent**

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's raw, weighted score for purposes of calculating the section score as indicated.

<b>RESPONDENT LEGAL ENTITY NAME:</b>			
Oral Presentation Items	Item Score	Evaluation Factor	Raw Weighted Score
<p><b>D.1.</b> Provide a live demonstration of the member tools (website, mobile app) that you propose to use under this contract and walk us through the functionality and all aspects of each item.</p> <p>Also show samples of educational materials or fliers that you propose to post on your splash page to educate members on how FSAs, L-FSAs, DC-FSAs and HSAs work, their annual maximum contribution amounts, and other pertinent items (investments available to HSA holders).</p>		<b>8</b>	
<p><b>D.2.</b> Provide a live demonstration of call center assistance offered to 3 different members who call in with different questions or issues related to 3 different accounts (FSA, DC-FSA and a HSA).</p>		<b>10</b>	
<p><b>D.3.</b> Present to us exactly how a member who never substantiates a debit card transaction is handled and what the process looks like to both the employee and the employer (e.g State, the University of TN, and each TBR campus or school).</p> <p>Show us each letter that a member would receive after using their debit card and you are not able to auto-substantiate a FSA or L-FSA purchase, how many days elapse between each letter, and specifically when is the debit card deactivated?</p> <p>Show us what transactions the State would have access to in your online system/portal so we can track how you are calculating how much an employee is overpaid. Present to us your final year end overpaid employees report or debt resolution report and walk us through all aspects of it.</p>		<b>12</b>	
<b>Total Raw Weighted Score</b> (sum of Raw Weighted Scores above):			
The Solicitation Coordinator will use this sum and the formula below to calculate the score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.			
$\frac{\text{total raw weighted score}}{\text{maximum possible raw weighted score}}$ <p style="text-align: center;"><i>(i.e., 5 x the sum of item weights above)</i></p>		<p style="text-align: center;"><b>X 10</b></p> <p style="text-align: center;"><i>(maximum section score)</i></p>	<p style="text-align: center;"><b>= SCORE:</b></p>
<i>State Use – Evaluator Identification:</i>			
<i>State Use – Solicitation Coordinator Signature, Printed Name &amp; Date:</i>			

**COST PROPOSAL & SCORING GUIDE**

The Respondent shall complete and submit its Cost Proposal in accordance with the instructions given in RFP Section 3.2.2.2. The Respondent shall use an XLS spreadsheet to prepare the Cost Proposal. This spreadsheet is found at the following website address, under the section labeled RFP # 31786-00147:

<https://www.tn.gov/generalservices/procurement/central-procurement-office--cpo-/supplier-information-/request-for-proposals--rfp--opportunities1.html>

Further instructions specific to the content of the Cost Proposal are found in the above referenced spreadsheet.

The spreadsheet will calculate the Total Evaluation Cost Amount. This Amount will be used in the formula below to derive the Proposer’s Cost Proposal score.

COST PROPOSAL SCORE TOTAL	
STATE USE ONLY	
<p>The RFP Coordinator shall use the scores from all tables derived from the proposed cost amounts above and the formula to calculate the COST PROPOSAL SCORE. Calculations shall result in numbers rounded to two decimal places.</p>	
TABLE A SCORE:	
TABLE B SCORE:	
TABLE C SCORE:	
TABLE D SCORE:	
<b>TOTAL COST PROPOSAL SCORE</b>	
<p><i>State Use – RFP Coordinator Signature, Printed Name &amp; Date:</i></p>	

**REFERENCE QUESTIONNAIRE**

**The standard reference questionnaire provided on the following pages of this attachment MUST be completed by all individuals offering a reference for the Respondent.**

The Respondent will be solely responsible for obtaining completed reference questionnaires as required (refer to RFP Attachment 6.2., Technical Response & Evaluation Guide, Section B, Item B.17.), and for enclosing the sealed reference envelopes within the Respondent's Technical Response.

**RFP # 31786-00147 REFERENCE QUESTIONNAIRE**

**REFERENCE SUBJECT:** RESPONDENT NAME (completed by Respondent before reference is requested)

The “reference subject” specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- complete this questionnaire (either using the form provided or an exact duplicate of this document);
- sign and date the completed questionnaire;
- seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
- sign in ink across the sealed portion of the envelope; and
- return the sealed envelope containing the completed questionnaire directly to the reference subject.

**(1) What is the name of the individual, company, organization, or entity responding to this reference questionnaire?**

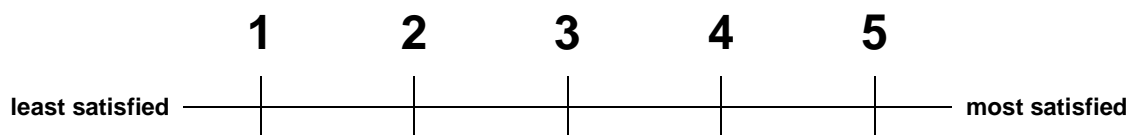
**(2) Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.**

<b>NAME:</b>	
<b>TITLE:</b>	
<b>TELEPHONE #</b>	
<b>E-MAIL ADDRESS:</b>	

**(3) What goods or services does/did the reference subject provide to your company or organization?**

**(4) What is the level of your overall satisfaction with the reference subject as a vendor of the goods or services described above?**

*Please respond by circling the appropriate number on the scale below.*

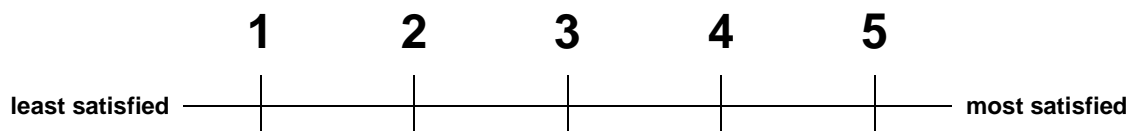


## RFP # 31786-00147 REFERENCE QUESTIONNAIRE — PAGE 2

If you circled 3 or less above, what could the reference subject have done to improve that rating?

- (5) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (6) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (7) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?
- (8) In what areas of goods or service delivery does/did the reference subject excel?
- (9) In what areas of goods or service delivery does/did the reference subject fall short?
- (10) What is the level of your satisfaction with the reference subject's project management structures, processes, and personnel?

*Please respond by circling the appropriate number on the scale below.*



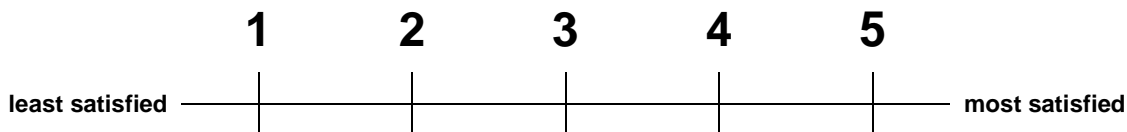
What, if any, comments do you have regarding the score selected above?

**RFP # 31786-00147 REFERENCE QUESTIONNAIRE — PAGE 3**

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- (11) **Considering the staff assigned by the reference subject to deliver the goods or services described in response to question 3 above, how satisfied are you with the technical abilities, professionalism, and interpersonal skills of the individuals assigned?**

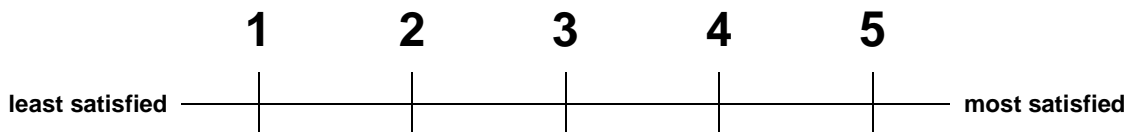
*Please respond by circling the appropriate number on the scale below.*



**What, if any, comments do you have regarding the score selected above?**

- (12) **Would you contract again with the reference subject for the same or similar goods or services?**

*Please respond by circling the appropriate number on the scale below.*



**What, if any, comments do you have regarding the score selected above?**

**REFERENCE SIGNATURE:**

(by the individual completing this request for reference information)

\_\_\_\_\_  
(must be the same as the signature across the envelope seal)

**DATE:**

\_\_\_\_\_

**SCORE SUMMARY MATRIX**

	<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>	
<b>GENERAL QUALIFICATIONS &amp; EXPERIENCE</b> (maximum: 10)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>TECHNICAL QUALIFICATIONS, EXPERIENCE &amp; APPROACH</b> (maximum: 40)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>ORAL PRESENTATION</b> (maximum: 10)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	<b>AVERAGE:</b>		<b>AVERAGE:</b>		<b>AVERAGE:</b>	
<b>COST PROPOSAL</b> (maximum: 40)	<b>SCORE:</b>		<b>SCORE:</b>		<b>SCORE:</b>	
<b>TOTAL RESPONSE EVALUATION SCORE:</b> (maximum: 100)						

Solicitation Coordinator Signature, Printed Name & Date:

**RFP # 31786-00147 *PRO FORMA* CONTRACT**

The *Pro Forma* Contract detailed in following pages of this exhibit contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from the RFP.



**CONTRACT**  
**BETWEEN THE STATE OF TENNESSEE,**  
**Finance & Administration, Division of Benefits Administration**  
**AND**  
**CONTRACTOR NAME**

This Contract, by and between the State of Tennessee, Finance & Administration, Division of Benefits Administration, hereinafter referred to as the "State" and **Contractor Legal Entity Name**, hereinafter referred to as the "Contractor," is for the provision of health savings account (HSA) and flexible spending account (FSA) services, as further defined in the "SCOPE OF SERVICES."

The Contractor is **a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company.**

Contractor Place of Incorporation or Organization: **Location**

Contractor Edison Registration ID # **Number**

**A. SCOPE OF SERVICES:**

**A.1. General**

- a. The Contractor shall provide all service and deliverables as required, described, and detailed herein and shall meet all service and delivery timelines as specified by this Contract.
- b. The Contractor shall manage all aspects of HSA for state/higher education, local education and local government Members enrolled in a Plan sponsored CDHP. Such services shall include, but not be limited to, account administration services; account enrollment services such as development, production, and distribution of all account enrollment materials and online account enrollment processing; employer set-up; program communication and education to participating employees and employers; debit card processing; claims processing and reimbursement services in compliance with applicable Internal Revenue Code ("IRC"); online and telephone support; and management of investment options.
- c. The Contractor shall also manage all aspects of a flexible spending arrangement for state and higher education employees for eligible healthcare, DC-FSA and L-FSA spending accounts. Such services shall include, but not be limited to, claims substantiation and adjudication, Member communications, debit card processing, customer service, reporting and compliance support. Online enrollment services, provided and hosted by the Contractor, for Higher Education Members' FSAs will also be required.
- d. The Contractor shall work with the State to ensure that the Contractor satisfies applicable requirements of this Contract, including requirements in the State Plan, Local Education Plan, and Local Government Plan Documents (referred to as the "Plan Documents") which are located on the State's website <https://www.tn.gov/partnersforhealth/publications/publications.html> > Plan Documents, as well as all State and Federal Laws.
- e. Contractor may use the Member SSN as the Member identifier for all HSA and FSA Members. However, the State will also send on the enrollment file the Edison ID, which the Contractor must also populate in its systems as a secondary identifier. The Contractor shall, at the State's request, be able to populate the employee Edison ID along with the SSN on any reports delivered to the State.

**A.2. Definitions. For purposes of this Contract, definitions shall be as follows and as set forth in the Contract.**

- a. **Active Account:** A HSA account for a Member. The account must be completely and properly opened. Closed or transferred accounts are not considered active nor are accounts for members enrolled state group insurance non-CDHP options.

- b. **Affiliate:** A business organization or entity that, directly or indirectly, is owned or controlled by the Contractor, or owns or controls the Contractor, or is under common ownership or control with the Contractor.
- c. **Agency Benefits Coordinator (“ABC”):** An Agency Benefits Coordinator serves as the liaison between the Plan and members. There is at least one ABC in every employer agency/entity.
- d. **At-Risk Performance Payment:** Contractor’s payment based on KPI performance listed on the SLA Scorecard set forth in Contract Attachment D. The payment is calculated based on the SLA Scorecard quarterly score and percentage of the administrative fees at risk.
- e. **Average Speed of Answer (“ASA”):** The average waiting time for a caller before he/she is answered by a service representative.
- f. **Benefits Administration (“BA”):** The division of the Tennessee Department of Finance & Administration that administers the Public Sector Plans.
- g. **Business Days:** Traditional workdays, including Monday, Tuesday, Wednesday, Thursday, and Friday. State Government Holidays are excluded.
- h. **Compliance with Section 508:** To ensure accessibility among persons with a disability, the Contractor’s multimedia/video tools, website, social media content, and any other applicable Member content shall substantially comply with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and implementing regulations at 36 CFR 1194 Parts A-D.
- i. **Consumer Driven Health Plan (“CDHP”):** A type of medical insurance or plan that typically has a higher deductible and lower monthly premiums. A CDHP may be offered with a HSA or health reimbursement arrangement (HRA). Also known as a HDHP.
- j. **DC-FSA:** A dependent care flexible spending account
- k. **EAP/BHO:** Employee Assistance Program/ Behavioral Health Organization.
- l. **Edison:** The State’s enterprise resource planning system, which supports human resources, payroll, insurance, contracting, procurement and other agency functions.
- m. **Flexible Spending Arrangement (“FSA”):** A health flexible spending arrangement (FSA) allows employees to be reimbursed for medical expenses. FSAs are usually funded through voluntary salary reduction agreements with employers. No employment or federal income taxes are deducted from employee contributions. The employer may also contribute.
- n. **FSA Participant:** The employee contributing funds to the FSA
- o. **Health Savings Account (“HSA”):** A tax-exempt trust or custodial account set up with a qualified HSA trustee to pay or reimburse certain medical expenses incurred.
- p. **In Writing:** Written communication between the Parties, which may be in the form of an official memo, or documents sent via postal mail, fax, or email communications.
- q. **Information System(s):** A combination of computing and telecommunications hardware and software that is used in: (a) the capture, storage, manipulation, movement, control, display, interchange and/or transmission of information, i.e., structured data (which may include digitized audio and video) and documents as well as non-digitized audio and video; and/or (b) the processing of information and non-digitized audio and video for the purposes of enabling and/or facilitating a business process or related transaction.

- r. **Key Performance Indicators (“KPI”)**: Performance indicators which are the metrics used to measure and evaluate Contractor’s performance against the desired outcomes. These indicators are used to determine Contractor’s At-Risk Performance Payment as set forth in Contract Section C and Contract Attachment D.
- s. **Limited Purpose FSA (“L-FSA”)**: A limited purpose flexible spending account which allows the accountholder to only spend funds on IRS-approved vision and/or dental expenses.
- t. **Local Education Agency (“LEA”)**: A local education agency pursuant to TCA 49-3-302.
- u. **Local Government Agency (“LGA”)**: A local government agency pursuant to TCA 8-27-207.
- v. **Member**: Employees and their dependents, retirees and their dependents and/or survivors, and individuals qualified under The Federal Consolidated Omnibus Budget Reconciliation Act (“COBRA”) and their dependents who are enrolled in one of the CDHP plan options or enrolled in one or more of the flexible benefit plans (FSA, L-FSA, or DC-FSA) sponsored by the State, Local Education, and Local Government Insurance Committees.
- w. **Pharmacy Benefit Manager (“PBM”)**: State’s Contractor which provides pharmacy benefit management services.
- x. **Plan Group**: One of three or more groups: the State Plan (comprised of the Central State as one employer as well as the University of Tennessee as another employer and the Tennessee Board of Regents which is comprised of many different campuses and employer groups), the Local Education Plan (many different school systems, or the Local Government Plan (many different city or county governments or quasi-governmental entities).
- y. **Plan Documents**: The legal publication that defines eligibility, enrollment, benefits and administrative rules of the Public Sector Plans and are posted on the BA website.
- z. **Protected Health Information (“PHI”)**: As defined in the HIPAA Privacy Rule, 45 CFR § 160.103.
- aa. **Provider**: An entity or individual (e.g., pharmacy, hospital, skilled nursing facility, home health agency, outpatient physical therapy, comprehensive outpatient rehabilitation facility, end-stage renal disease facility, hospice, physician, non-physician provider, laboratory, durable medical equipment supplier, etc.) that has an agreement with the Contractor to provide covered pharmaceutical, medical, or other health care services to Plan Members according to terms and rates within a specific network.
- bb. **Public Key Infrastructure (“PKI”)**: The framework and services that provide for the generation, production, distribution, control, accounting, and destruction of public key certificates. Components include the personnel, policies, processes, server platforms, software, and workstations used for the purpose of administering certificates and public-private key pairs, including the ability to issue, maintain, recover, and revoke public key certificates.
- cc. **Public Sector Plans (“Plan”)**: Refers to all benefit options sponsored by the State, Local Government, and Local Education Insurance Committees (e.g. health plan options, life insurance, other voluntary benefits). The Plan is available to eligible employees and dependents of participating State (Central State and Higher Education), Local Government, and Local Education agencies.
- dd. **Service Level Agreement (“SLA”) Scorecard**: Performance management scorecard that contains Contractor’s KPIs and desired outcomes in Contract Attachment D. The At-Risk Performance Payments will be based on the Contractor’s ability to meet the listed KPIs.

- ee. **Span of Control:** Information Technology and telecommunications capabilities that the Contractor itself operates or for which it is otherwise legally responsible according to the terms and conditions of this Contract. The span of control also includes Systems and telecommunications capabilities outsourced by the Contractor.
- ff. **Splash Page:** Dedicated and customized webpage for this Contract containing program information, specific to the Plan, which does not require a Member to log in.
- gg. **State, Local Government, and Local Education Insurance Committees:** Policy making bodies for the State, Local Government, and Local Education plans established under Tennessee Code Ann. 8-27-101, 8-27-207, and 8-27-301 respectively.

### **A.3. HSA Set-Up and Management**

- a. The Contractor must establish and maintain the appropriate custodian banking arrangement, in compliance with applicable IRC, for the implementation of HSAs for use by each Member.
- b. The Contractor shall manage all Member account activities including, but not limited to, online account set-up/application processing, assistance with opening an account, providing educational information and toll-free and online customer assistance.
- c. The Contractor shall manage all employer account activities including, but not limited to, establishing and processing various data files, salary deduction notification, establishing a process to receive employer contributions, providing refunds, providing educational information and toll-free and online customer assistance.
- d. The Contractor shall receive and process weekly enrollment and semimonthly payroll deduction files from the State and only establish a HSA for those Members enrolling in a CDHP. At the State's request, the Contractor shall process enrollment files more or less frequently than weekly. See requirements in contract Section A.14.e.
- e. The Contractor shall work with the State to establish procedures for the opening, transferring and closing of HSAs; such procedures shall include a process to allow electronic enrollment, immediate funding of the HSA, online account set-up, a process to terminate and liquidate a HSA established for ineligible Members, and the ability to transfer funds to other accounts for Members leaving the Plan(s).
- f. The Contractor shall have a process to refuse or refund HSA contributions exceeding the annual maximum contribution amounts.
- g. The Contractor shall have a process in place to redistribute employer funds exceeding the annual maximum contribution directly to Members with an accompanying 1099-SA, if applicable.
- h. The Contractor shall provide to Members a slate of investment options for the program that is diverse and low cost. This would include domestic and international equity as well as fixed income investments and may include both passive and active investment strategies. The Contractor shall also offer investment guidance and management to Members. The State shall have the right to select which custom slate of investment offerings or funds will be made available to all Members with an HSA under this contract. The State Treasury department shall determine and approve the investment vehicles offered by the HSA administrator. Any conditions surrounding the investment opportunities shall be prior approved by the State and any material changes in the investment portfolio will be communicated to the State within thirty (30) days of the change.
- i. The Contractor shall deposit non-invested HSA funds into an FDIC-insured deposit account.

- j. The Contractor shall provide continuing program support services to participating employers. Employer personnel may require periodic assistance and training for deduction management, account enrollments, facilitating the filing of forms, etc.
- k. The Contractor shall receive and process financial transactions and reimbursement claims on a daily basis. Members must have 24-hour access to their funds. The Contractor shall provide Members with an up-to-date HSA balance 24 hours a day, seven days a week through its website described below in Section A.12., and provide a timely feed of such updated balances to other contractors as requested by the State.
  - l. The Contractor shall accept HSA contributions directly from the Member at any time and directly from the Member's employer at a frequency and in a format determined by each individual employer. At a minimum, unless otherwise directed by the state, the Contractor shall allow the following Member contribution methods: payroll deduction, one-time or recurring electronic funds transfer EFT contributions, personal check or money order, and mobile deposits. The Contractor shall follow the timeframes, if any, specified by the State for the establishment of a new HSA for Members.
- m. Employer contributions, if any, shall be decided annually by each participating employer and may be funded at any time during the Plan year by the employer. The Contractor shall work with the State and all participating employers to establish links to multiple payroll systems in support of employer account funding and payroll deduction functions. The Contractor shall receive and process multiple, payroll deduction files on a varying schedule (i.e. weekly, semi-monthly, bi-weekly, etc.) from other groups such as higher education, LEA or LGA as necessary. This shall include the development of mutually agreed upon files to support the receipt and allocation of pre-tax contributions (e.g. FTP files, ACH, other).
- n. The Contractor shall, at the State's request, credit Member HSA accounts for achieving specific wellness requirements, based on files received from the State or other State contractors.
- o. The Contractor shall hold in the HSA all cash contributed and gains and losses attributable thereto for the exclusive purpose of administering the Member's HSA.
- p. The Contractor shall comply with the provisions restricting recoupment by employers to circumstances described in Internal Revenue Service ("IRS") Notice 2008-59, Q&A23-25 or any future guidance issued regarding the non-forfeitability of employer contributions to HSAs.
- q. The Contractor shall refund employers directly for any funds paid in error by the employer.
- r. The Contractor shall act upon the written directions of the CDHP Member, including settling investment transactions and making distributions from the HSA.
- s. The Contractor shall maintain applicable custodian records reflecting an inventory of the assets of each HSA, all activity transacted during the previous year and the market value of the assets of the HSA.
- t. The Contractor shall capture and maintain account beneficiary information. If no valid designation is on file then the Contractor shall follow their standard order of precedence.
- u. The Contractor shall accept rollovers and account transfers from other HSAs and Archer Medical Spending Accounts (MSA) and transfers of funds from Individual Retirement Accounts (IRA).
- v. The HSA shall have no minimum balance requirement to open or maintain the account and Member fees shall not vary based on the account balance. Fees related to overdrafts are permissible and must comply with the fee schedule outlined in contract section C.3.

Contractor may require that a Member have a minimum HSA deposit account balance of \$1,000 before any funds over that can be invested.

- w. The Contractor shall provide employees with enrollment confirmation notices within ten (10) Business days of successfully establishing their HSA account.
- x. The Contractor shall establish a reserve fund to hold employer contributions for Members that have not yet activated their account. The funds shall be returned to the employer within a timeframe established by the employer.
- y. The Contractor shall notify the State In Writing if there are changes in regulations or federal guidance which may require the State to amend the CDHP as necessary to remain qualified and comply with changes in applicable Federal, state, or local statutes, guidance or regulations.
- z. The Contractor shall offer all services contained in this contract to any employer or Member participating in the State sponsored CDHP.
- aa. The Contractor shall work to transition all eligible previously existing HSAs (for those who continue enrollment in the state sponsored CDHP) and their balances as of December 30, 2020 from the incumbent HSA Contractor (if applicable). All eligible HSAs shall be moved to the Contractor under this Contract and be available for Member use by January 1, 2021.
- bb. Contractor shall ensure that all aspects of HSA setup, ongoing management, communications, and other related tasks are in compliance at all times with IRS regulations and rules.
- cc. The Contractor shall assist employees who are no longer participating in a State sponsored CDHP to transition their HSA to an individual, not state funded, HSA.
- dd. If, at any time during the term of this Contract the Contractor and/or the State determine that one or more of the investment funds in the investment slate available to HSA Members should be replaced or removed, the Contractor shall bring recommendations (or notify) to the State In Writing regarding one or more replacement funds. If the change is approved by the state, the Contractor shall then mail a custom letter (State prior approved) to each Member impacted by the change and notifying them of the option(s) available to them. The Costs of mailing the Member letter shall be borne by the Contractor.
- ee. Following Contract termination, the Contractor shall complete the processing of all HSA reimbursement requests received by Contractor which were due and payable prior to the contract termination date.

#### **A.4. FSA Set-Up and Management**

- a. The Contractor shall hold all FSA funds received from the State, Members, or on behalf of a Member, as applicable, in an FDIC insured account established for such purposes at an eligible financial institution.
- b. At a minimum, the Contractor shall offer account holders the following FSA reimbursement methods: debit card, online bill pay, check reimbursement and direct deposit.
- c. The Contractor shall manage all Member account activities including, but not limited to, claims substantiation, claims payment, account creation and termination, Member account or claims assistance, providing educational information and toll-free and online customer assistance.
- d. The Contractor shall manage all employer account activities including, but not limited to, establishing and processing various enrollment and payroll deduction files, providing

educational information, terminating accounts established for ineligible Members, continuing program support services and toll-free and online assistance.

- e. The Contractor shall receive and process a weekly enrollment and semimonthly payroll deduction file from the State and Higher Education (if applicable, and the schedules may vary) and establish a FSA for those employees who have elected to participate. At the State's request, In Writing, the Contractor shall process enrollment and payroll files more or less frequently than weekly. See requirements in contract section A.14.e.
- f. The Contractor shall, at the State's request, In Writing, process FSA enrollments for higher education employees. Enrollment activities shall be online for Members. The Contractor shall transmit a file of enrolled Members and their contribution amounts to multiple Higher Education entities at a frequency determined by Higher Education. The Contractor shall provide all State and Higher Education employees with enrollment confirmation notices within ten (10) Business days of successfully establishing their FSA account.
- g. The Contractor shall maintain monthly automatic card adjudication rates at or above eighty-five percent (85%) for FSA transactions and shall report rates on a quarterly basis.
- h. The Contractor shall handle all processes related to the substantiation and payment of claims in compliance with IRS rules and shall make the determination of the eligibility of the Member to benefits under the plan as well as the amounts due. The Contractor shall notify the employer in a timely manner of any improper payments that cannot be substantiated or recovered.
- i. The Contractor shall receive and process reimbursement claims on a daily basis and shall accept claims or substantiation online, via the Contractor's app, or via fax or mail.
- j. In the event a claim is determined to not be allowable, the Contractor shall notify the Member In Writing of such decision within fifteen (15) Business days of receipt of the claim, including the reason for the denial. The Member shall have the right to appeal such denial. The Contractor will evaluate the appeal within fifteen (15) Business days of receipt of the appeal and advise the Member of claims ultimately determined to not be allowable.
- k. In accordance with IRS rules, and as determined by the State, the Contractor shall have the capability to implement either a grace period for unused funds or allow a carryover of funds for the following plan year. The State and Higher Education institutions currently allow a carryover up to the IRS limit into the following year on FSA and L-FSAs, subject to IRS annual rules. Carryover shall be calculated as annual member contributions less claims payments paid on behalf of the member.
- l. The Contractor shall administer a general purpose health FSA and/or a **L-FSA**, as determined by the State and shall establish processes to coordinate HSA reimbursements with limited purpose FSA reimbursements (i.e. those who have both a **L-FSA** and a HSA shall have applicable vision or dental expenses pulled from their **L-FSA** prior to any use of the HSA funds).
- m. The Contractor shall implement controls to prevent HSA accountholders from establishing a general purpose FSA and must notify the employing agency immediately when an employee attempts to enroll in accounts that are at cross purposes and not allowed by the IRS.
- n. The Contractor shall perform routine non-discrimination testing of the flexible spending plan at least once annually to ensure that the plan is operating in a nondiscriminatory manner in compliance with IRC.
- o. The Contractor shall have a process in place to annually refund all unused funds to the State or Higher Education institutions following the plan year run-out period.

- p. The Contractor shall notify the State, In Writing, if there are changes in regulations or federal guidance which may require the State to amend the FSA plan as necessary to remain qualified and comply with changes in applicable Federal, state, or local statutes, guidance or regulations.
- q. The Contractor shall contact (via mail or electronically) participants enrolled in FSA Medical Reimbursement Accounts, L-FSAs and Dependent Care Accounts one month before the end of the plan year and one month before the end of the run-out period to notify them of their available balance and that if unclaimed these funds will be forfeited to the State or their applicable employer (Central State, University of Tennessee, Tennessee Board of Regents school or university) or other Locally Governed Institution/university.
- r. The Contractor shall manage and administer any COBRA requirements applicable to the accounts of FSA Members.
- s. If applicable, Contractor shall receive from the incumbent FSA Contractor any FSA or L-FSA funds that are eligible for carry over into the Member's 2021 FSA or L-FSA (up to the current plan and IRS limits) and continue processing claims that were incurred in 2020 for which the Member has until April 30, 2021, to file claims against. These funds must be transferred by January 1, 2021. The Contractor must also be prepared and able to process claims from DC-FSA enrollees who file claims with a 2020 date of service to the Contractor from January 1, 2021-April 30, 2021.
- t. Contractor shall ensure that all aspects of FSA, L-FSA, and DC-FSAs including setup, ongoing management, reporting and related tasks are in compliance with all IRS rules and regulations.
- u. At the State's request, the Contractor shall be able to calculate the carry forward amount in accordance with the state's plan document.
- v. At the state's request, the Contractor shall implement a limited/post-deductible FSA (one that does not pay or reimburse any medical expense incurred before the minimum annual deductible under section Internal Revenue Code 223(c)(2)(A)(i) is satisfied) to allow Members to pay dental and vision expenses immediately and all eligible medical expenses once a minimum deductible has been met. Payment for such accounts would be at the same rates as the L-FSA.
- w. Following Contract termination, the Contractor shall complete the processing of all FSA reimbursement requests received by Contractor which were due and payable prior to the contract termination date.

**A.5. Member / Employer Support and Education**

- a. The Contractor shall provide Member access to personal HSA and FSA account information 24-hours-a-day seven days a week via the website described below in Section A.12. as well as an Interactive Voice Response ("IVR") telephone system.
- b. The Contractor shall provide alternative means for Members who are not internet-capable to access the same level of information and services available to on-line Members.
- c. The Contractor shall send a representative to perform educational sessions and enrollment meetings at employer sites across the state, as necessary, to ensure understanding of the HSA and FSA products. Such trainings may include in-person or online webinar sessions. The Contractor shall attend, in person, meetings predicted to have 100 or more Members in attendance and shall provide copies of training materials for all in-person meetings, at no cost to the State.



- d. The Contractor shall provide tools to employers for purposes of testing the HSA Plan for comparable contributions for comparable participating employees under IRC Section 4980G and applicable regulations.
- e. The Contractor shall perform, following review and approval by the State, In Writing, an annual Member satisfaction survey. Any annual Member satisfaction survey done to satisfy the annual requirement must only be done on Members enrolled in HSA or FSA products sponsored by and managed by the State. Under no circumstances may the Contractor use survey results from their entire book of business; all survey results must be only on Members enrolled in a product managed through the State. The level of overall Member satisfaction, as measured annually through the Member satisfaction survey, shall be equal to or greater than eighty-five percent (85%) in the first year of the Contract, and shall be equal to or greater than ninety percent (90%) in all subsequent year(s) within the Term. The State reserves the right to review and mandate changes in the survey it feels are necessary to obtain valid, reliable, unbiased results. Those changes may include, but are not limited to, changes in the research design, units of analysis or observation, study dimension, sample size, sample frame, sample method, coding, or evaluation method. Based upon the results of the survey, the Contractor and the State will jointly develop an action plan to correct problems or deficiencies identified through this activity.

#### **A.6. Implementation**

- a. The Contractor shall be fully operational and capable of delivering all contracted services on the go-live dates specified in Contract Section A.19.
- b. All key Contractor project staff shall attend a project kick-off meeting at the State offices in Nashville, Tennessee, within the first thirty (30) days after the Contract Effective Date or after the notification of awarding of the contract to the vendor, as requested by the State. The Contractor shall cover the cost of staff travel and expenses. The Contractor shall prepare and develop the agenda for the kick-off meeting, subject to State approval.
- c. The Contractor shall provide a project implementation plan to the State no later than thirty (30) days after the Contract Effective Date. The plan shall be electronically maintained, daily, in a format accessible to the State. The plan shall comprehensively detail all aspects of implementation, which includes all tasks with deliverable dates necessary to satisfactorily implement contracted services no later than the applicable go-live date specified in Contract Section A.19 and a description of the Members on the implementation team and their roles with respect to each item/task/function. The plan shall include a detailed timeline description of all work to be performed both by the Contractor and the State. This plan shall require In Writing approval by the State. At a minimum, the implementation plan shall provide specific details on the following:
  - i. Identification and timing of significant responsibilities and tasks;
  - ii. Names and titles of key implementation staff;
  - iii. Identification and timing of the state's responsibilities;
  - iv. Data requirements (indicate type and format of data required) from the State and/or its contractors and participating employers;
  - v. Identification and timing for the testing, acceptance and certification of receipt of the State's enrollment information;
  - vi. Member communications;
  - vii. Schedule of in-person meetings and conference calls; and
  - viii. Staff assigned to attend and present (if required) at educational sessions.
- d. At the State's request, the Contractor shall provide for a comprehensive operational readiness review (pre implementation audit) by the State, and/or its authorized representative, within thirty (30) days prior to the applicable go-live date. Such review by the

State, and/or its authorized representative, may include, but not be limited to, an onsite review of the Contractor's operational readiness for all services required in this Contract. The review may also include desk reviews of documentation that includes but is not limited to:

- i. Policy and procedures manual;
  - ii. Call center scripts;
  - iii. Information Systems documentation; and
  - iv. The ability to provide and the process governing the preparation of any and all deliverables.
- e. At its discretion, the State may conduct an additional, pre-implementation review of the Contractor's progress towards fulfilling the Information Systems requirements. Such review by the State, and/or its authorized representative, may include both onsite and desk reviews, including but not limited to staff interviews, system demonstrations, systems testing, and document review.
  - f. During onsite visits as part of a readiness review or a pre-implementation review the Contractor shall provide State staff and/or the State's designee with onsite workspace and access to a telephone, scanner, printer, copy machine, and internet connection.
  - g. The Contractor shall participate in all readiness review activities conducted by State staff and/or the State's designee to ensure the Contractor's operational readiness for all services required in this contract. The State may provide the Contractor with a summary of findings including areas requiring corrective action. The Contractor shall ensure any findings identified by the State are resolved prior to the applicable go-live date.
  - h. The Contractor shall conduct status meetings concerning project development, project implementation and Contractor performance at least twice a week during implementation and daily for the two weeks prior to and the first month following the go-live date, unless otherwise approved by the State. Such meetings shall be either by phone or onsite at the offices of the State, as determined by the State, and shall include the account manager and appropriate Contractor staff. Any costs incurred by the Contractor as a result of a meeting with the State shall be the responsibility of the Contractor.
  - i. No later than forty-five (45) days post-go-live, the State shall perform an implementation performance assessment survey of the Contractor's performance to determine the State's satisfaction with the implementation process and Contractor. Results shall be shared with the Contractor including the identification of any deficiencies. The Contractor shall respond within fifteen (15) business days of receiving the results with a corrective action plan as necessary to remedy any identified deficiencies. In response to the corrective action plan, the Contractor shall comply with all recommendations/requirements agreed upon by the State within the timeframes agreed upon by the State.
  - j. The State reserves the right to implement any one of or none of the services (HSA, healthcare FSA, L-FSA, or DC-FSA) provided in this contract in any year, with no minimum enrollments required in order to meet contracted rates provided by the Contractor as part of the procurement process.

#### **A.7. Reporting**

- a. The Contractor shall prepare and distribute all tax reporting with respect to HSA contributions and distributions as required by the IRC and applicable law or regulations (e.g. Forms 5498-SA and 1099-SA).
- b. At the State's request, the Contractor shall provide to the State all information necessary for Plan reporting as required by law. Such information shall exclude specific Member account information such as balances and payouts.

- c. In addition to the reports outlined in this contract, the Contractor shall provide the State and all other employer groups, as applicable, with all HSA and FSA reports included in the Contractor's standard reporting package.
- d. Each calendar quarter within thirty (30) calendar days of the end of the quarter, the Contractor shall provide the State with summary level information related to the HSA, broken down by State, Higher Education, LEA and LGA showing the amount of contributions split by employer/employee, how funds in the HSAs were spent (i.e. funds withdrawal, debit card use, or paid to Provider by the Contractor), how debit cards were used (i.e. pharmacy, medical doctor, lab, vision, dental, hospital, etc.), the number of employees who are investing funds along with the average investment balance, the number of employees eligible to participate in the investments but who are not doing so.
- e. The Contractor, as requested by the State or a participating employer, shall prepare and provide monthly and year-end aggregate summary reports for each participating employer setting forth information including, but not limited to, employer HSA contributions, employee payroll deduction amounts, and unused FSA fund amounts with sufficient detail to provide for the audit and control of deposits made and account reconciliation. Such reports shall be delivered electronically to the extent permitted by law and agreed upon by the participating employer.
- f. At the request of each employer, the Contractor shall produce and distribute a salary deduction data file of HSA and FSA salary deductions elected by their employees. The report shall be delivered in the format required by each employer to support entry into their payroll system.
- g. The Contractor shall maintain all records prepared by the Contractor relating to the services provided pursuant to this Contract for a period no less than six (6) years after the contract expiration date.
- h. The Contractor shall send quarterly HSA Member account and investment statements to Members. Such statements shall be sent electronically or via mail at the Member's request.
- i. Unless otherwise directed by the State, the Contractor shall submit a quarterly portfolio performance review report to the state no later than thirty (30) calendar days after the end of each calendar quarter. The report shall describe the financial performance and investment environment for the investment portfolio offered to HSA Members. The Contractor shall attend meetings with the State, as needed, telephonically or in-person to present the quarterly portfolio performance review report. The report shall summarize the investment returns, including fees, for all funds offered and sponsored – both the contractor's core investment funds as well as any funds that the State Treasury Department and/or BA may elect under the custom slate. Returns should be provided that display the most recent 3 months, 1 year, 3 years, and 5 years. Returns must be provided within ninety (90) days of the end of each calendar quarter.
- j. The Contractor shall provide the State with the following reports:
  - i. A monthly listing of State Members who have not activated their HSA;
  - ii. Aggregate Member HSA deposits and withdrawals, by Plan Group , annually;
  - iii. Average monthly HSA balances, by Plan Group;
  - iv. Annual investment summaries;
  - v. Total fees (as listed in Section C) assessed to Members by transaction type, category, annually;
  - vi. Number of opened, closed or transferred HSA accounts, annually;
  - vii. A quarterly report of aggregate HSA deposits, and payments,

- k. The Contractor shall submit reports in a mutually agreeable electronic format (e.g., Microsoft Word or Microsoft Excel), of the type, at the frequency, and containing the detail described in Contract Attachment C.
- l. Contractor shall not rely on the ability of any contractor-provided reporting portal or system for the State staff to pull their own reports to negate the responsibility of the Contractor to provide reports requested or required under this contract.
- m. The Contractor shall provide the State access to an ad-hoc reporting liaison to assist in the development of reports that cannot be generated using the Contractor's standard reporting package. The Contractor shall deliver such reports to the State within five (5) Business Days of the State's request. If requested by the State, In Writing, the Contractor shall deliver up to ten (10) reports annually deemed as "urgent" by the State within two (2) Business Days. All ad-hoc reports shall be provided at no additional cost to the State.
- n. The Contractor shall ensure that reports submitted by the Contractor to the State shall meet the following standards:
  - i. The Contractor shall verify the accuracy and completeness of data and other information in reports submitted.
  - ii. The Contractor shall ensure delivery of reports or other required data on or before scheduled due dates.
  - iii. Reports or other required data shall conform to the State's defined written standards.
  - iv. All required information shall be fully disclosed in a manner that is responsive and with no material omission.
  - v. The Contractor shall notify the State regarding any significant changes in its ability to collect information relative to required data or reports.
  - vi. The submission of late, inaccurate or otherwise incomplete reports shall be considered failure to report within the specified timeframe (see Contract Attachment C).
  - vii. State requirements regarding reports, report content and frequency of submission may change during the term of the Contract. The Contractor shall have at least forty-five (45) calendar days to comply with changes specified In Writing by the State.
- o. The Contractor shall provide, as often as requested by the State for Central State employees, reports for our Members who are in an overpayment status (i.e. who do not provide adequate claims substantiation to the Contractor after using his/her debit card and having been asked for claims substantiation). The report(s) are to be titled '*Debt Substantiation Reporting*'. The report(s) shall list all State employees who did not substantiate (after attempts by the Contractor) any applicable debit card transactions on their FSA or L-FSA. Such report shall contain detailed information that will allow State finance staff to follow the Contractor's math calculations and perform their own calculations to understand how the Contractor arrives at an amount. The report(s) shall be provided in Excel format and contain all data points in the template provided by the State. Contractor shall, upon State request, provide copies of all email and written notifications that the Contractor sends to our employees for expenses requiring documentation, as well as how many letters go out before a debit card is deactivated. For the University of Tennessee and Tennessee Board of Regents colleges and universities, Contractor may provide their standard annual debt substantiation report.
- p. Contractor shall provide to the State by December 15<sup>th</sup> of each year for the previous calendar year a final/reconciled debt substantiation report on Central State employees to the State via secure email using the report format provided by the State.
- q. The Contractor shall provide a report each year no later than July 30 for the Central State as a single employer to allow for reconciliation to the State's Comprehensive Annual Financial Report (CAFR). This report shall be titled '*Central State-CAFR reporting*' and the Contractor shall use the report format provided by the State.

- r. At the State's request, the Contractor shall complete the State's corrective action plan process to correct any identified contract deficiencies. The corrective action plan shall detail a step-by-step breakout of how and when the Contractor will remedy all identified issues.
- s. The Contractor shall notify the State, within three (3) business days of identification, about any situation that appears to negatively impact the administration or delivery of the program, plan, or benefits.
- t. The Contractor shall provide a FSA report each month that identifies Central State active employees without payroll deductions received that month. A template report of how the report shall be populated will be provided to the Contractor by the State.
- u. The Contractor shall provide a FSA report annually that identifies Central State active employees with total payroll deductions less than their annual elections. A template report of how the report shall be populated will be provided to the Contractor by the State.

#### **A.8. Call Center**

- a. The Contractor shall establish and operate a single integrated call center with a dedicated toll-free customer service number and dedicated e-mail address to respond to Member and employer inquiries, issues and complaints.
- b. The Contractor shall have sufficient staff to respond to inquiries, correspondence, complaints, and problems related to all aspects of the services required in this contract. The Contractor shall not answer technical questions regarding eligibility policy and shall refer these questions to the State. Contractor shall answer all questions regarding the HSA and FSA products and not refer these questions back to the State or any employer agency. The only questions that may be referred back to the State, University of Tennessee or a Tennessee Board of Regents college, school, or university are those related to eligibility.
- c. The Contractor's call center shall be open and staffed with trained personnel on or before the dates specified in Contract Section A.19.
- d. The Contractor's call center and designated Member services representatives shall be located in the continental United States.
- e. The Contractor may temporarily route calls to another available Contractor call center for occasions related to weather, training, or similar situations. The Contractor shall notify the State of any such instances prior to the switch, or as soon as practical.
- f. The Contractor's call center shall, at a minimum, accept calls Monday through Friday 7:00 a.m.-5:00 p.m. CST, except on official State holidays.
- g. The Contractor shall implement procedures for monitoring and ensuring the quality of services provided by its Member services representatives. Such procedures may include, but are not limited to, the following activities:
  - i. Auditing calls/correspondence for each Member services representative;
  - ii. Silent monitoring of calls;
  - iii. Recording calls for quality and training purposes;
  - iv. Skill refresher courses; and
  - v. Call coaching.
- h. The Contractor's call center shall be equipped to support and communicate with persons with a hearing or speech impairment via Telecommunications Relay Services (TRS) in compliance with the federal Americans with Disabilities Act.
- i. During normal business hours the Contractor's call center shall have at least one Member services representative on duty that is bilingual in English and Spanish. The Contractor shall provide oral interpretation services via a telephone interpretation service free of charge to callers with Limited English Proficiency.

- j. The Contractor shall provide the State's ABCs with a special number or access code that they can use to have immediate access to a Member services representative. The Contractor can satisfy this requirement by expediting calls to the front of the general queue – or it may provide designated staff to serve ABCs. The Contractor shall also set up, maintain, and regularly monitor a dedicated email address/box specifically for ABCs to use for communicating with the Contractor's account team. This email box is intended **only** for ABCs (not plan members).
- k. The Contractor's call center shall meet each of the following performance standards and shall report on these standards monthly:
  - i. Average Speed of Answer (ASA) of thirty (30) seconds. After answering the call the Contractor may only put callers on hold in order to (a) make outbound calls as necessary or (b) to research a caller's issue.
  - ii. First Call Resolution of 85% as measured by one or more of the following methods: a Member post-call phone or web survey; an end of call script where the customer service representative asks if the Member's issue has been resolved; a voice menu allowing the Member to indicate if this is the first call they've made to resolve their inquiry or problem; or another method prior approved by the state.
- l. The Contractor shall provide their standard book of business call center statistics to the State on a monthly basis.
- m. The Contractor's call center shall have call management systems and communications infrastructure that can manage the potential call volume and achieve the performance standards described in this Contract.
- n. The Contractor's call management systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes where applicable, in response to program, benefit, or enrollment changes.
- o. The Contractor's call management systems shall provide greeting messaging when necessary. The Contractor may play messages for callers while they are on hold and shall play messages as directed by the State. The messages shall be approved by the State prior to the HSA and FSA go-live dates in Contract Section A.19. The Contractor shall not play advertising or informational messages for callers while they are on hold unless prior approved by the State (or the State directs the Contractor to play certain messages). Additionally, the Contractor's systems shall provide a message that notifies callers that calls are being recorded and may be monitored for quality control purposes.
- p. The Contractor's call management system shall record and index all calls such that the Contractor can easily retrieve recordings of individual calls. The Contractor shall be able to provide a full recording of each call upon the State's request and shall, at the State's request, allow the State, or its authorized representative to monitor recorded calls from a remote location.
- q. The Contractor's call management systems shall facilitate the processing of all calls received and assign incoming calls to available Member services representatives in an efficient manner. The system shall transfer calls to other telephone lines as necessary and appropriate, including transfers to external call centers.
- r. The Contractor may use an automated IVR system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in queue in order to speak directly with a live-voice Member services representative during normal business hours rather than continue through additional prompts. The Contractor's decision tree and menu shall be submitted to the State for review and approval prior to the HSA and FSA go-lives dates in Contract Section A.19.

- s. The Contractor shall inform callers of their likely wait times (based on real-time information, including call volume and Member services representative availability) as they enter the queue.
- t. The Contractor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the call center.
- u. The call management system shall enable the logging of all calls, including:
  - i. the caller's identifying information (e.g., employee ID);
  - ii. the call date and time;
  - iii. the reason for the call (using a coding scheme);
  - iv. the Member services representative that handled the call;
  - v. the length of call; and
  - vi. the resolution of the call (including a resolution reason code) and, if unresolved, the action taken and follow up steps required.
- v. The call management system shall maintain a history of correspondence and call transactions for performance management, quality management and audit purposes. This history shall contain the actual information, a date/time stamp that corresponds to when the transaction took place, the origin of the data management transaction (e.g., the State and/or one of its authorized representatives or the Member), and the Member services representative that processed the transaction. Related correspondence and calls shall be indexed and properly recorded such that they can be treated in reporting and analysis as part of a distinct transaction.
- w. The Contractor shall develop an interview guide (or scripts) to guide representatives/operators in their discussions with Members. The interview guide shall include but not be limited to the following:
  - i. Specific training and knowledge of the HSA, including specific employer funding amounts, Member balances, Member plan spend to date; and
  - ii. When to transfer calls to the BA call center, the State's Third Party Administrators ("TPA"), or another party.
- x. The Contractor shall track and provide to the State a quarterly summary of Member complaints and their resolution.
- y. Contractor shall ensure that customer service representatives are fully familiar with the State's benefit offerings and tailor their answers and responses to Members accordingly.
- z. The Contractor must notify Members, either by email or letter (depending on Member preference), the status of claims substantiation requests (i.e. whether the information the Member provided in response to a claims substantiation request from the Contractor was acceptable or not). The Contractor's notification must clearly explain if the Member provided substantiation was not acceptable, why it was not acceptable, and what the Member needs to provide. If it was acceptable, the Contractor must notify the Member with an approved notification.

#### **A.9. Staffing**

- a. The Contractor shall provide and maintain qualified staff. The Contractor shall ensure that all staff, including the Contractor's employees, independent contractors, consultants, and subcontractors performing services, has the experience and qualifications to perform the applicable services.

- b. The Contractor shall not use any person or organization that is on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusions list unless the Contractor receives prior, approval In Writing from the State.
- c. The Contractor shall ensure that all staff receives initial and ongoing training regarding all applicable requirements. The Contractor shall ensure that staff providing services are specifically oriented and trained regarding their functions, knowledgeable about the Contractor's operations relating to the State Plan, and knowledgeable about their functions.
- d. The Contractor shall have an ongoing designated, full-time account team that can provide daily operational support as well as strategic planning and analysis. All members of the account team shall have previous experience working with large employer groups and complex accounts.
- e. The account team shall be available for consultation with the State during the hours of 8:00 a.m. to 4:30 p.m. Central Time, Business Days, as required to fulfill the scope of services. The account manager shall also be available via phone and email throughout the workday as well as after hours, including weekends.
- f. For matters designated as urgent by the State (i.e. website malfunction, inability to deposit or withdraw from the HSA, etc.), the Contractor shall provide a response to the State within four (4) hours. Staff members from the respective business unit with final decision making authority shall provide responses.
- g. The account team shall include an information technology director/manager, who shall have overall responsibility for the information technology operations. This individual shall be responsible for coordinating with the State's IT staff and all participating employer IT staff.
- h. The Contractor shall designate a full time account manager as a member of the account team. The account manager shall be a member of the implementation team in order to ensure a seamless transition from implementation to ongoing operations. The account manager shall have the responsibility and authority to manage all contractual obligations and shall respond promptly to changes or inquiries. This includes, but is not limited to, researching and resolving problems with employee enrollment, contributions, disbursements, other participant account issues, employer issues, and technical issues.
- i. Ongoing operational meetings shall be conducted on a State-specified schedule, but shall occur no less than weekly unless otherwise directed by the State. At its discretion, the State may allow the Contractor to participate in such meetings by teleconference.
- j. Unless otherwise approved by the State, the account manager shall meet with the State in person, at a minimum, annually and more often if required by the State. Any costs incurred by the Contractor as a result of a meeting with the State shall be the responsibility of the Contractor.
- k. The State shall perform an account satisfaction survey of the Contractor's performance annually during the contract period to determine the State's satisfaction with the ongoing account team and Contractor. Results shall be shared with the Contractor including the identification of any deficiencies. The Contractor shall respond within fifteen (15) Business Days of receiving the results with a corrective action plan as necessary to remedy any identified deficiencies.
- l. The Contractor agrees that the State may approve or disapprove of any staff and subcontractor assigned to this Contract prior to the proposed assignment. The State may also direct the Contractor to replace staff members and subcontractors providing core services as it deems necessary and appropriate. The decision of the State on these matters shall not be subject to appeal.



- m. Key personnel commitments made in the Contractor's proposal shall not be changed unless prior approved by the State In Writing. The Contractor shall notify the State at least fifteen (15) Business Days in advance, or as soon as the information is available, of proposed personnel changes. The Contractor shall submit proposed personnel substitutions in sufficient detail regarding education and experience to the State to allow evaluation of the impact to services. The decision of the State on these matters shall not be subject to appeal.
- n. If any key position becomes vacant, the Contractor shall provide a replacement with commensurate experience and required professional credentials within sixty (60) calendar days of the vacancy unless the State grants an exception to this requirement In Writing.

#### **A.10. Communications/Materials**

- a. At the State's request, the Contractor shall develop a written marketing and communications plan. In addition, the Contractor shall update this plan on an annual basis to reflect any changes in marketing strategy and updated methods, tools or technology to engage with Members. The Contractor's marketing plan will reflect a thoughtful, proactive approach to encourage Member enrollment, drive engagement and utilization of applicable services and programs. Contractor is encouraged to relay what resources they have that will support marketing and communications. All plan updates shall be approved In Writing by the State.
  - i. At the State's request, the Contractor will provide a bi-annual analytics report of marketing and communications efforts that could include email, website or other communications statistics. The Contractor shall use the State's template or the Contractor's template with prior approval In Writing by the State.
- b. The Contractor shall, in consultation with the State, develop and disseminate Member information and communication materials. All material must have approval In Writing by the State prior to distribution. Contractor shall ensure that all Member materials and other communications meet any state or federal regulatory compliance (e.g., Civil Rights Compliance), if applicable. The Contractor shall develop all materials in conformance with the style, formatting and other related standards developed by the State and its marketing staff.
  - i. Materials could include, but are not limited to, debit cards, welcome packet, administrative forms, letters, emails, manuals, brochures, fliers, webinars, text messages, website copy, website images, mobile app and app content, social media content, PowerPoints, training materials, marketing materials specific to Plan or agency and videos.
  - ii. Marketing/segmenting: Contractor may offer or suggest marketing and communications based on segmentation of population (e.g., demographics, geography, etc.). Contractor may provide data to address paths and barriers to engagement.
  - iii. Personalization of materials and digital communications may be an option upon request.
  - iv. Contractor shall provide marketing and communications samples of how they introduce Plan options to Members and continually drive engagement and utilization of preferred services.
  - v. The Contractor shall use graphics to communicate key messages to populations with limited literacy, limited health plan literacy or limited English proficiency. The Contractor shall also prominently display the call center's telephone number in large, bolded typeface and hours of operation on all materials.
  - vi. The Contractor shall provide text and graphics, if applicable, for the State's communication to Members.
  - vii. As part of its submission to the State, the Contractor with consultation with the State shall specify how the materials will be sent i.e., email, text, regular mail, other.
- c. In addition to other Member information and communications referenced in the contract, the Contractor shall assist the State, if requested, in the education and dissemination of

information regarding the program. This assistance may include but not be limited to:

- i. Written information;
    - a. Audio/video and webinar presentations;
    - b. Member and agency outreach: With notification In Writing to the State, attendance at meetings, workshops, benefits fairs, marketing events and conferences (approximately 60-70 annually).
  - ii. Educating State staff, ABCs, Members and other persons on Contractor's administrative and benefits procedures. Specifically, when a new agency joins the Plan, Contractor may be asked to attend onsite enrollment and benefits educational events.
  - iii. Educating Members and ABCs could include targeted agency outreach and partnering with other state departments on outreach efforts across the state on benefit implementation, engagement and education.
  - iv. Any on-site visits to agencies, marketing or other state department co-marketing efforts covered shall require prior notification In Writing by the State. The State also reserves the right to request Contractor's attendance at specific events.
- d. Unless otherwise specified, the Contractor shall be responsible for all costs related to the design, development, printing, distribution, mailing (if applicable) and revision of all materials that are required to be produced under the terms of this contract.
  - e. The Contractor shall use First Class Mail for all mailings, unless otherwise directed or unless otherwise approved by the State In-Writing. With prior approval, the State may approve bulk or alternative rates.
  - f. The Contractor shall provide the State with draft versions of all communications materials and letters at least fourteen (14) Business Days prior to planned printing, assembly, and/or distribution (including web posting). The Contractor shall not distribute any materials until the State issues approval In Writing to the Contractor for the respective materials. The State has and retains the ability to edit and customize all communication pieces distributed by the Contractor, including the right to require that the State branding "ParTNers for Health" logo be included on any Member letters or correspondence. The Contractor shall ensure communications are specific to the Plan design and not simply a rebranding/repackaging of standard book-of-business materials or communications unless it is to remain in compliance with other regulatory requirements.
  - g. The Contractor shall work in conjunction with the State's staff to ensure continuity of branding across all program and materials, mailings, emails, website, apps, social media and any other communications information, tools, communication methods, and resources. This branding shall include, but is not limited to, use of the ParTNers for Health logo, color scheme and applicable taglines. All uses of these branding elements shall be subject to prior approval In Writing by the State. All marketing and communications materials, including contact information for any Members, shall become property of the State.
  - h. The Contractor shall have the exclusive responsibility to write, edit and arrange for clearance of materials (such as securing full time use of a stock photograph for perpetuity) for any and all marketing and communication materials.
  - i. The Contractor shall distribute materials that are culturally sensitive and professional in content, appearance and design with prior approval In Writing by the State.
  - j. The Contractor shall provide electronic templates of all finalized materials in a format that the State can easily alter, edit, revise and update.
  - k. Unless otherwise prior approved In Writing by the State, the Contractor shall design all marketing and communication materials at a sixth (6.0) grade reading level or lower using the Flesch-Kincaid Index, or a comparable product. The Contractor shall evaluate materials using the entire text of the materials (except return addresses). When submitting draft materials to

the State for approval, the Contractor shall provide a certification of the reading level of each piece of material.

- l. On an annual basis, at least two (2) months prior to the State's annual enrollment period, the Contractor shall provide to the State, and Higher Education as necessary, in electronic format, any enrollment material requested by the State that may be helpful to potential Members. Items may include, but are not limited to, a toll-free Member services number, website address, website and portal logon information, FSA enrollment instructions, a confidentiality statement, procedures for accessing services, informational fliers, and other pertinent updates, changes and/or materials, and HSA, FSA, L-FSA and DC-FSA brochures or fliers/pamphlets shared with Members online and/or via paper distribution at ABC events, etc..
- m. At any time and at the State's request, the Contractor shall notify Members, In Writing, of any benefit, Plan or program changes no less than thirty (30) Business Days prior to the implementation of the change.
- n. Unless otherwise directed by the State, the Contractor shall print and distribute any mass mailings developed by the State within fourteen (14) Business Days of receiving the language/copy from the State.
- o. Upon the State's request, the Contractor shall provide Member materials (e.g. fliers, brochures, etc.) to specified parties, e.g., ABCs, within fourteen (14) Business Days of the State's request to provide copies. The volume of Member materials to be printed shall be in sufficient quantities for distribution by the Contractor to the State's Members and ABCs, plus an extra quantity of materials, as requested by the State, for distribution to potential new Members, unless otherwise directed In Writing by the State.
- p. The Contractor shall ensure that up-to-date versions of all printed Member marketing and communication materials can be downloaded from the Splash Page. The Contractor shall provide an electronic copy of all marketing and communication materials at the State's request to the State for posting on the State's website.
- q. The Contractor shall update web-based versions of all materials as Plan changes are made and to correct errors. The Contractor shall update web-based versions at the request of the State, within five (5) Business Days. New Plan year information must be added no later than one (1) month prior to annual enrollment.
- r. Unless approved in advance and In Writing by the State, the Contractor shall not distribute any promotional materials or gifts to employees or Members, even if such gifts are of a de minimus value (e.g., magnets, pens, etc.).
- s. Postage and production costs incurred by the Contractor, which are the direct result of communications requested by the State for benefit Plan changes outside of annual enrollment, shall be treated as pass-through costs. Such costs shall be billed on a monthly basis to the State and shall include substantiating documentation, including a line-item description of the postage and production costs incurred by the Contractor. The State shall pay the postage, printing and production costs of such mailings pursuant to Contract Section C.3. However, if a mistake is the result of the Contractor's error and is not corrected prior to printing or distribution, the Contractor shall pay the postage, printing and production costs for these communications. The Contractor shall produce and distribute corrected versions of individual materials at the State's discretion within ten (10) Business Days of notification by the state to do-so.
- t. The Contractor shall mail at least one reminder letter to any Member who has not activated their HSA account thirty (30) Business Days after the Contractor's receipt of their enrollment. The letter shall include the information needed by the Member to complete the account set-up process.

- u. The Contractor covenants that all materials distributed and prepared or produced by the Contractor shall be accurate in all material respects.
- v. The Contractor shall, in consultation with and following written approval by the State, provide materials to Members and agency staff, customized for the state, that educate Members about how to open and use a HSA and the various flexible benefits accounts made available by the Contractor under this contract, as well as how to use the debit card, why substantiation may be needed, and how to substantiate including saving receipts, and submitting EOBs and itemized statements from Providers, etc. At the State's request, such materials shall include the ParTNers for Health "look and feel".
- w. Contractor shall in no way attempt to influence or steer FSA, L-FSA or HSA Members to a particular Provider, physician group, pharmacy, pharmacy chain, hospital or hospital system, laboratory or any other type of medical or pharmaceutical Provider. Contractor shall not communicate with Members and mention or offer discounts to any Provider who accepts FSA, L-FSA, or HSA payments without the prior approval from the State In-Writing.
- x. Unless prior approved in writing by the State and in compliance with State and Federal law, the Contractor shall not use information gained through this Contract in marketing or advertising, publications, expanding non-State business relationships, or for any pecuniary gain.

#### **A.11. Welcome Packets/Debit Cards**

- a. The Contractor shall provide and service debit cards that allow CDHP and FSA Members to pay for qualified medical expenses. The cost of creating and mailing the cards shall be borne by the Contractor. The initial debit card as well as at least one replacement card shall be provided free of charge to Members; additional replacement cards shall be provided according to the fee schedule outlined in contract section C.3.
- b. Unless otherwise directed by the State, the Contractor shall mail an initial welcome packet and debit card (as applicable) to all CDHP and FSA Members within ten (10) Business Days of receipt of the enrollment file from the State. The welcome packet shall include, but is not limited to, a welcome letter, overview of how to set up and access the HSA account, investment options, overview of how to activate the debit card, an overview of qualified medical expenses, the Contractor's website address, and website logon information. Debit cards may be included in the welcome packet or mailed separately.
- c. Ninety-seven percent (97%) of initial welcome packets and debit cards shall be produced and mailed within ten (10) Business Days of receipt of the enrollment file from the State.
- d. As a new Member(s) join the program, they shall receive a welcome packet and debit card (if applicable) within ten (10) Business Days of Member completion of the HSA and/or FSA enrollment/set-up process no later than ten (10) Business Days from receipt of a Member's request for a replacement or duplicate card.
- e. Ninety-seven percent (97%) of ongoing welcome packets and debit cards shall be produced and mailed within ten (10) Business Days of Member completion of the HSA and/or FSA enrollment/set-up process.
- f. The Contractor shall issue a single debit card for Members with both a HSA and a **L-FSA** that is coordinated and functional for either account.
- g. The Contractor shall establish a process that allows Members to request replacement or duplicate debit cards by phone, online and mobile app (if applicable) and/or other possible future methods or technology upon request.
- h. The Contractor's system(s) shall possess mailing address standardization functionality in accordance with U.S. Postal Service conventions.

**A.12. Splash Page, Contractor Website, and Mobile Application**

- a. The Contractor shall maintain a Splash Page dedicated to and customized to the State containing program information specific to the Plan, which does not require a Member to log in. The Splash Page must be mobile device/smart phone compatible. The design of the Splash Page, inclusive of the site map, page layout, color/font scheme and branding, static content and any documents which can be accessed via, or downloaded from, the Splash Page and must be prior approved In Writing by the State. The Contractor shall obtain prior approval In Writing from the State for any links from the site to an external website/portal or webpage.
- b. The Contractor shall link the Splash Page to the BA website, other State-contractor websites, microsites, content or other web or mobile device enabled video/multimedia tools apps, methods or technology as determined by the State that are useful or applicable for Members (State-approved tools from other approved contractors).
- c. The Splash Page shall at a minimum contain the following information or a link to the information:
  - i. Contractor customer service phone number and hours;
  - ii. Member tools and information (e.g. calculators, fliers, brochures, IRS resources, claims reimbursement forms, FAQs, etc.);
  - iii. Links to BA videos;
  - iv. Plan specific rules and policies (e.g. HSA seed funds available, carry-over provision vs. grace period, etc.)
  - v. Links to other State contractors' websites; and
  - vi. Other information as requested by the State.
- d. The Contractor shall have a website that offers a single point of access for HSA and FSA account information that is mobile device/smart phone compatible, or other methods that may apply. A link to the Member log-in portal shall be included on the Splash Page so Members can view Member-specific documents, and perform various account activities, including, but not limited to:
  - i. FSA and/or HSA transactions and other relevant account information and materials.
  - ii. A frequently asked questions (FAQs) section;
  - iii. Any applicable Member forms (e.g., claim reimbursement forms, etc.);
  - iv. Links to other State contractors' websites;
  - v. Real time check of account balance, contributions, withdrawals and investments;
  - vi. Update personal information;
  - vii. Pay medical expenses online;
  - viii. Review lists of eligible expenses (separated by FSA, L-FSA, DC-FSA & HSA as applicable);
  - ix. Account tools and calculators;
  - x. Order additional debit cards;
  - xi. Transfer funds in and out of the HSA to and from other bank accounts or investment accounts;
  - xii. Make a one-time or recurring contribution to the HSA (current or prior year);
  - xiii. Set up or change investment options;
  - xiv. Select automatic transfers to and from investments;
  - xv. View online tax documents and statements;
  - xvi. Contact information, including mail and email addresses and Member services telephone numbers for the Contractor;
  - xvii. Links to state and federal FSA and HSA tax rules; and
  - xviii. Additional tools and resources helpful to the Member as they become available with prior approval In Writing from the State.
- e. The Splash Page and Contractor website shall be fully operational with the exception of Member data/ PHI on or before the dates specified in Contract Section A.19. The Contractor shall submit the text and screenshots of the Splash Page and provide log-in credentials for

- the Contractor's website for this program to the State for review and approval at least one (1) month prior to the dates specified in Contract Section A.19. Contractor shall obtain prior approval In Writing from the State for any links from the site to a non-governmental website or webpage.
- f. The Contractor shall grant the State access to the customized developed Splash Page for review and approval no later than the date specified in Contract Section A.19.
  - g. Contractor must maintain this website which shall be available twenty-four (24) hours a day, three hundred sixty-five (365) days a year except for maintenance windows.
  - h. The Splash Page shall have the capability to host streamed content (both audio and video) including video/multimedia tools as determined by the State if useful and applicable to Members.
  - i. Unless otherwise approved by the State, the Contractor shall update content and/or documents posted to the Splash Page or website/portal within five (5) Business Days of the State's prior approval of changes to said content and/or documents.
  - j. The Contractor shall ensure that all up-to-date versions of all printed materials can be downloaded from the Splash Page or accessible via a mobile device, or other method, if applicable.
  - k. The Contractor shall provide all information pertinent to each new Plan year on the Splash Page and website by the date specified in Contract Section A.19.
  - l. The Contractor shall host the Splash Page and website on a non-governmental server, which shall be located within the United States. The contractor shall have adequate server capacity and infrastructure to support the likely volume of traffic from Members without disruption or delay.
  - m. The Contractor shall obtain and cover the cost of the domain name for the Contractor's Splash Page and website. The Splash Page and website URLs must be prior approved by the State In Writing.
  - n. To ensure accessibility among persons with a disability, the Contractor's Splash Page and Contractor's own log-in portal and website shall be in Compliance with Section 508. If the Contractor posts any video content it shall include closed captioning option and/or include text scripting to comply with Section 508 for these products.
  - o. The Contractor may include a mobile application for use by Members with prior approval In Writing by the State. The Contractor must agree to and adhere to all security measures as it relates to Member data. The Contractor must provide a one hundred percent (100%) secure web-based application that requires only a web-browser and an Internet connection.
  - p. At the State's request, the Contractor's mobile application(s) shall be linked with other web applications to allow for seamless data linkage (this may include, but is not limited to, single sign-on) of Member information including the ability for Members to, as applicable, access HSA and FSA transactions, upload claims and substantiating documentation (through a mobile device), or link to other technology or information that is helpful to the Member. The Contractor must work with any and all State contractors on data updates and shall send and/or receive files as needed.
  - q. Contractor agrees that the State shall have the authority to request any revisions to the Contractor's online Terms and Conditions or Online Service Agreement at any time and that the State shall be provided with a copy of any Terms and Conditions that a Member must consent to in order to be provided with online account access. If Contractor revises the online Terms and Conditions or Online Service Agreement, Contractor agrees to provide the

State with a copy of the proposed changes at least sixty (60) Business Days prior to the new effective date, and will allow the State to make revisions.

- r. The Contractor shall ensure that the website/portal meets all of the capacity, availability, performance and security requirements outlined in this contract.
- s. The Contractor shall:
  - i. Have security measures in place that ensure that all data records are transported, stored and accessed in a secure manner. All data, other than HSA account information, is property of the State of Tennessee. The system must meet or exceed the State's information security requirements for access control, authentication, storage, data destruction, system maintenance and patching and must be compliant with best practices for secure application development as defined in ISO/IEC 27000 series.
  - ii. Utilize best practice authentication methods to prevent access from unauthorized individuals and entities.
  - iii. Provide a system that has the ability to sustain 99.9 percent continuous uptime.
  - iv. Provide a 100 percent secure web-based application that requires only a web-browser and an internet connection to use with the addition of an Adobe Acrobat web-browser plug-in.
  - v. Maintain nightly data backups of all data.
  - vi. Provide adequate server processing capacity to keep user response times within normal latency boundaries.
  - vii. Develop a user access security approval process and manage the approval of user access and permissions.
- t. The State shall have ownership, right, title, and interest in all data stored and generated, both historical and current. The State will allow Contractor access to any data necessary to comply with its obligations under State and Federal law, including record keeping requirements and Members' right to records relating to their accounts.

#### **A.13. Coordination and Collaboration**

- a. At the State's request, the Contractor shall coordinate with other State contractors, including but not limited to, the TPA and the wellness contractor, as necessary to ensure that Members and BA staff receive appropriate services, training and information and to ensure a consistent message and content on the CDHP/HSA and FSA plan options. This coordination shall include, but is not limited to, making referrals, providing and receiving Member information, and attending and participating in meetings.
- b. As requested by the State, the Contractor shall work with other State contractors to receive claims data that can be used to improve auto-substantiation rates. Files shall be in a mutually agreeable format from those contractors and at a frequency to be determined by the State. Examples of such Contractors the FSA-HSA Contractor may be asked to receive files from include, but are not limited to, TPAs, PBM, dental, and vision contractors. Any and all costs associated with receiving such claims files from other State contractors shall be borne by the HSA/FSA Contractor. The Contractor shall receive the claims data in the file formats provided by the contractors. If the information in the contractor files does not provide what the Contractor needs, Contractor shall establish steps in order to make the data usable by setting up a crosswalk or other table using all known information or information that the Contractor can gather.
- c. The Contractor shall participate in meetings and/or conference calls with other contractors as requested by the State to improve coordination of services to Members.
- d. At the State's request, the Contractor shall attend any State-sponsored vendor summits with representatives from the State, and its related contractors. The purpose of the vendor summit is to identify issues, develop solutions, share information, leverage resources, and discuss

and develop policies and procedures as necessary to ensure collaboration among contractors and the State.

- e. As requested by the State, qualified members of the Contractor's staff shall participate in monthly conference calls with ABCs and other State staff in order to answer ABC questions and provide assistance when and where needed. In addition, during the fall enrollment period (typically during the month of October), the Contractor shall participate in weekly conference calls with the State and ABCs in order to answer questions about the HSA and/or FSA products offered under this contract, and assist ABCs as needed.
- f. At the State's request, the Contractor shall have representatives attend on-site educational sessions at State offices, Higher Education offices or campuses, or elsewhere to assist employees with FSA or HSA questions or issues. All costs associated with lodging, food expenses and travel shall be borne by the Contractor.

#### **A.14. Data Integration and Technical Requirements**

- a. The Contractor shall maintain an electronic data interface with the State's Edison System for the purpose of processing State Member enrollment information. The Contractor shall be responsible for providing and installing the necessary hardware and software. When the Contractor requires the exchange of PHI with the state, the State requires the use of second level authentication. This is accomplished using the State's standard software product, which supports Public Key Infrastructure (PKI). The Contractor shall design a solution, in coordination with the State, to connect to the State's Secure File Transfer Protocol (SFTP) server using a combination of the password and the authentication certificate. The initial sign-on and transmission testing will use a password. Certificate testing may also be performed during the test cycle. Subsequent production sign-on will be done using the authentication certificate. The Contractor will then download the file and decrypt the file in its secure environment. The State uses public key encryption with Advanced Encryption Standard (AES) to encrypt PHI. If the State adopts a different or additional encryption standard or tool in the future, the Contractor shall, with adequate notice, cooperate with the State to maintain the security of protected information according to all applicable state and federal standards.
- b. Notwithstanding the requirement to maintain enrollment data, the Contractor shall not perform changes to enrollment data without the State's approval. This prohibition shall include, but not necessarily be limited to: initiation, termination, and/or changes of coverage.
- c. Unless otherwise directed by the State, at least one (1) month prior to the applicable go-live date, the Contractor shall complete testing of the transmission, receipt, and loading of the enrollment and payroll files from the State. The State shall deliver a test file no later than sixty (60) days prior to go-live. Testing of files from other participating employers shall be on a timeframe agreed upon by the Contractor and the employer.
- d. Unless otherwise directed by the State, at least two (2) weeks prior to the applicable go-live date, the Contractor shall load, test, verify and make available online for use the State's eligibility/enrollment information. The Contractor shall certify, in writing, to the State that the Contractor understands and can fully accept and utilize the mutually agreed upon eligibility/enrollment and payroll files as provided by the State. Loading and verifying files from other participating employers shall be on a timeframe agreed upon by the Contractor and the employer.
- e. The Contractor shall maintain, in its systems, in-force enrollment records of all individuals covered by a Plan sponsored CDHP and FSA.
  - i. To ensure that the State's enrollment records remain accurate and complete, the Contractor shall, unless otherwise directed by the State, retrieve, via a secure medium weekly enrollment files from the State.



- ii. The Contractor shall complete and submit to the State a Weekly File Transmission Statistics Report within five (5) Business Days of receipt of the Weekly Enrollment Update. The Contractor shall submit this report via email to designated State staff. (See Contract Attachment C.)
  - iii. The Contractor and/or its subcontractors, shall electronically process one hundred percent (100%) of electronically transmitted enrollment updates, including the resolution of any errors identified during processing, within four (4) Business Days of receipt of the weekly file. The State and the Contractor shall work to develop a process for responding to invalid or non-processed records.
  - iv. The Contractor and/or its subcontractors shall resolve all enrollment discrepancies as identified by the State or Contractor within two (2) Business Days of identification.
  - v. State Enrollment Data Match: Upon request by the State, not to exceed four (4) times annually, the Contractor shall submit to the State, in a secure manner, its full file of State Members, by which the State may conduct a data match against the State's Edison database. The Contractor must submit the data within ten (10) Business Days of the State's request. The purpose of this data match will be to determine the extent to which the Contractor is maintaining its database of Members. The State will communicate results of this match to the Contractor, including any Contractor requirements, and associated timeframes, for resolving the discrepancies identified by the data match.
  - vi. After each file load from the State (regular ongoing file as well as any unique 'one off' file that may be sent by the State), Contractor shall prepare a list of errors for all HSA Members plus any Central State employee Members and share via a secure email to State designated staff, along with a description of said errors and what the Contractor needs from the State to correct the error. Contractor shall not rely on any Contractor owned website or portal for placing said error report. Rather, this list of errors must be shared with BA designated staff via secure email within seven (7) days of the loading of any applicable file.
- f. At the State's request, the Contractor shall provide transmittal of Member data via secure medium at a frequency determined by the State to any additional third parties including the State's TPA, wellness, EAP/BHO, PBM, dental, and vision contractors, and others as identified by the State.
  - g. The Contractor's systems shall conform to future federal and state specific standards for data exchange by the standard's effective date.
  - h. The Contractor shall partner with the State and partner agencies in the management of current and future data exchange formats and methods and in the development and implementation planning of future data exchange methods not specific to HIPAA or other federal effort.
  - i. Within sixty (60) days of notice of termination of this Contract, the Contractor shall transfer to the State all required data and records necessary to administer the plan(s)/program(s), subject to State and Federal confidentiality requirements. The transfer shall be made electronically via secure medium, in a file format to be determined based on the mutual agreement between the State and the Contractor. Upon completion of the transfer of required data and records and any retention requirements mandated by law, the Contractor shall sanitize (wipe) all storage and shred any paper documents that contain confidential member information when all retention requirements have been met.

#### **A.15. Information Systems**

- a. The Contractor's Systems shall have the capability of adapting to any future changes necessary as a result of modifications to the design of the Plans or this Contract and its

- requirements. The Contractor's Systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes.
- b. The Contractor shall ensure that its electronic data processing (EDP) and electronic data interchange (EDI) environments (both hardware and software), data security, and internal controls meet all applicable Federal and State standards, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health (HITECH) Act. Said standards shall include but not be limited to the requirements specified under HIPAA for each of the following but only to the extent such requirement is applicable to the services the Contractor provides under this contract:
    - i. Electronic Transactions and Code Sets
    - ii. Privacy
    - iii. Security
    - iv. National Provider Identifier
    - v. National Employer Identifier
    - vi. National Individual Identifier
    - vii. Claims attachments
    - viii. National Health Plan Identifier
    - ix. Enforcement
  - c. All Contractor systems shall maintain linkages and "parent-child" relationships between initial and related subsequent interactions/transactions/events/activities. Additionally, when the Contractor houses indexed images of documents used by members, employers and subcontractors to transact with the Contractor, the Contractor shall ensure that these documents maintain logical relationships to certain key data such as member identification and employer or subcontractor identification numbers. The Contractor shall also ensure that records associated with a common event, transaction or customer service issue have a common index that will facilitate search, retrieval and analysis of related activities, e.g., interactions with a particular member about the same matter/problem/issue.
  - d. Upon the State's request, the Contractor shall be able to generate a listing of all members and employers that were sent a particular document, the date and time that the document was generated, and the date and time that it was sent to particular members or employers or groups thereof. The Contractor shall also be able to generate a sample of said document.
  - e. Retention and Accessibility of Information
    - i. The Contractor shall maintain and provide, one (1) month prior to the HSA operational go-live date, a comprehensive information retention plan that is in compliance with state and federal requirements.
    - ii. The Contractor shall maintain information on-line for a minimum of three (3) years, based on the last date of update activity, and update detailed and summary history data monthly for up to three (3) years to reflect adjustments.
    - iii. The Contractor shall provide forty-eight (48) hour turnaround or better on requests for access to information that is between three (3) years and five (5) years old, and seventy-two (72) hour turnaround or better on requests for access to information in machine readable form that is older than five (5) years.
    - iv. If an audit or administrative, civil or criminal investigation or prosecution is in progress or audit findings or administrative, civil or criminal investigations or prosecutions are unresolved, information shall be kept in electronic form until all tasks or proceedings are completed.
  - f. All information, with the exception of Member HSA information, whether data or documents, and reports that contain or make references to said information, involving or arising out of this

Contract is owned by the State. The Contractor is expressly prohibited from sharing or publishing State information and reports or releasing such information to external entities, Affiliates, parent company, or subsidiaries without the prior written consent of the State.

- g. Prior to implementing any major modification to or replacement of the Contractor's core Information Systems functionality and/or associated operating environment, the Contractor shall notify the State in writing of the change or modification within a reasonable amount of time (commensurate with the nature and effect of the change or modification) if the change or modification: (a) would affect the Contractor's ability to perform one or more of its obligations under this Contract; (b) would be visible to State system users, members and Providers; (c) might have the effect of putting the Contractor in noncompliance with the provisions or substantive intent of the Plan Documents and/or this Contract; or (d) would materially reduce the benefits payable or services provided to the average member. If so directed by the State, the Contractor shall discuss the proposed change with the State/its designee prior to implementing the change. Subsequent to this discussion, the State may require the Contractor to demonstrate the readiness of the impacted systems prior to the effective date of the actual modification or replacement.

#### **A.16. System and Information Security and Access Management Requirements**

- a. The Contractor's systems shall employ an access management function that restricts access to varying hierarchical levels of system functionality and information. The access management function shall:
- i. Restrict access to information on a "least privilege" basis, e.g., users permitted inquiry privileges only will not be permitted to modify information;
  - ii. Restrict access to specific system functions and information based on an individual user profile, including inquiry only capabilities and the ability to create, change or delete certain data (global access to all functions shall be restricted to specified staff jointly agreed to by the State and the Contractor);
  - iii. Restrict unsuccessful attempts to access system functions to three (3) continuous unsuccessful attempts, with a system function that automatically prevents further access attempts and records these occurrences; and.
  - iv. Ensure that authentication credentials are not passed in clear text or otherwise displayed or presented, and also be encrypted at rest.
- b. The Contractor shall make system information available to duly authorized representatives of the State and other state and federal agencies to evaluate, through inspections or other means, the quality, appropriateness and timeliness of services performed.
- c. The Contractor shall provide access to any system utilized in determining substantiation of claims or reimbursement of claims to duly authorized representatives of the State.
- d. The Contractor's Systems shall contain controls to maintain information integrity. These controls shall be in place at all appropriate points of processing. The controls shall be tested in periodic and spot audits following a methodology mutually agreed upon by the Contractor and the State.
- e. Audit trails shall be incorporated into all systems to allow information on source data files and documents to be traced through the processing stages to the point where the information is finally recorded. The audit trails shall:
- i. Contain a unique log-on or terminal ID, the date, and time of any create/modify/delete action and, if applicable, the ID of the system job that effected the action;
  - ii. Have the date and identification "stamp" displayed on any on-line inquiry;
  - iii. Have the ability to trace data from the final place of recording back to its source data file and/or document;

- iv. Be supported by listings, transaction reports, update reports, transaction logs, or error logs; and
  - v. Facilitate batch audits as well as auditing of individual records.
- f. The Contractor's systems shall have inherent functionality that prevents the alteration of finalized records.
  - g. The Contractor shall provide for the physical safeguarding of its data processing facilities and the systems and information housed therein. The Contractor shall provide the State with access to data facilities upon request.
  - h. The Contractor shall restrict perimeter access to equipment sites, processing areas, and storage areas through a card key or other comparable system, as well as provide accountability control to record access attempts, including attempts of unauthorized access.
  - i. The Contractor shall include physical security features designed to safeguard processor site(s) through required provision of fire retardant capabilities, as well as smoke and electrical alarms, monitored by security personnel.
  - j. The Contractor shall put in place procedures, measures and technical security to prohibit unauthorized access to the regions of the data communications network inside of the Contractor's Span of Control.
  - k. Unless the State prior-approves In Writing the Contractor's use of alternate mitigating controls, the Contractor shall use Federal Information Processing Standard (FIPS) 140-2 compliant technologies to encrypt all PHI, PII, and other confidential information in motion or rest, including back-up media.
  - l. The Contractor shall commission a security risk assessment at least annually and communicate the results to the State as part of an information security plan. The first report shall be provided one (1) month prior to the HSA operational go-live date and annually thereafter. The risk assessment shall also be made available to appropriate state and federal agencies. At a minimum the assessment shall contain the following: identification of loss risk events/ vulnerabilities; analysis of the probability of loss risk and frequency of events; estimation of the impact of said events; identification and discussion of options for mitigating identified risks; cost-benefit analysis of options; recommended options and action plan for their implementation. The assessment shall be conducted in accordance with the following: requirements for administrative, physical, and technical safeguards to protect health data (45 CFR §§164.304 - 318); rules for conducting risk analysis and risk management activities (45 CFR §164.308); requirements for security awareness training (45 CFR §164.308(a)(5)); requirements for entities to have security incident identification, response, mitigation and documentation procedures (45 CFR §164.308(a)(6)).
  - m. To maintain the privacy of PHI, the Contractor shall enable Transport Layer Security (TLS) on the mail server used for daily communications between the Contractor and the State, other employers, ABCs. TLS shall be enabled as of the contract go-live date and shall remain in effect throughout the term of the contract.

#### **A.17. Fraud and Abuse**

- a. The Contractor shall implement procedures to prevent and detect fraud or abuse and shall perform fraud investigations involving Plan Members, in consultation with the State.
- b. In the event the Contractor discovers evidence that an unusual transaction has occurred that merits further investigation, the Contractor shall simultaneously inform the BA and the Division of State Audit, in the Office of the Comptroller of the Treasury. The State will review the information and inform the Contractor whether it wishes the Contractor to:
  - i. Discontinue further investigation if there is insufficient justification; or

- ii. Continue the investigation and report back to the BA and the Division of State Audit; or
  - iii. Continue the investigation with the assistance of the Division of State Audit; or
  - iv. Discontinue the investigation and turn the Contractor's findings over to the Division of State Audit for its investigation.
- c. The Contractor shall submit to the State, at least two (2) months prior to the HSA and FSA go-live date, a copy of the documents describing its fraud and abuse program. The State reserves the right to review the documents and require changes, where appropriate.

**A.18. Audits Authority and Quality Assurance Reviews**

- a. At any reasonable time the State and/or its authorized representative shall have the right to examine, audit and review the Contractor services and pricing related to the services being provided by the Contractor to ensure compliance with all applicable requirements. For the purpose of this requirement, the term, "Contractor," shall include its parent organization, Affiliates, subsidiaries, subcontractors, and Providers.
- b. The Contractor shall provide access, at any time during the term of this contract and for five (5) years after final contract payment (longer if required by law), to the State and/or its authorized representative to examine, audit and review Contractor services, systems for processing claim payments, payments, and pricing pursuant to this Contract. The State reserves the right to request that documentation be provided for review at the authorized representative's location, the State's location, or at the Contractor's corporate site.
- c. The Contractor shall, at its own cost, provide the State and/or its authorized representative with prompt and complete access to any data, documents, access to systems, and other information necessary to ensure Contractor compliance with all requirements of this Contract.
- d. The Contractor shall provide reasonable cooperation with requests for information, which includes, but is not limited to, the timing of the audit or quality assurance review, deliverables, data/information requests and the Contractor's response time to the State's questions during and after the process. The Contractor shall also provide a response to all "findings" received. Such response shall occur within thirty (30) days, or at a later date if mutually determined with the State to be more reasonable based on the number and type of findings.
- e. The State shall not be responsible for time or any costs incurred by the Contractor in association with an audit or quality assurance review including, but not limited to, the costs associated with providing data, reports, documentation, systems access, or space.
- f. If the outcome of the audit or quality assurance review results in an amount due to the State, then the State will work with the Contractor to negotiate terms of repayment. In the absence of such agreement, the State will deduct the total amount due from the monthly account maintenance fees due to the Contractor pursuant to Section C.3. If the Contractor disagrees with a finding resulting in a payment to the State, the State will review the Contractor's comments, but if the State retains the original audit findings the Contractor will be responsible for any payment to the State.
- g. The Contractor shall refer all media and legislative inquiries to BA, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, the Contractor shall copy BA on all correspondence.

**A.19. Due Dates for Project Deliverables/Milestones**

<b>Deliverables/Milestones:</b>	<b>Contract Reference(s):</b>	<b>Deliverable Due Dates:</b>
<b>HSA Account Set-Up and Management</b>		
1. Weekly enrollment files	A.3.d.	Weekly enrollment after HSA go-live, unless otherwise directed by the State.
2. Employer funding and payroll deduction files	A.3.m.	Various frequencies as determined by participating employers
3. Enrollment confirmation	A.3.w.	Within ten (10) Business days of HSA establishment
<b>FSA Account Set-Up and Management</b>		
4. Weekly enrollment files	A.4.e.	Weekly enrollment after FSA account go-live, unless otherwise directed by the State
5. Payroll deduction files	A.4.e.	Various frequencies as determined by participating employers
6. Enrollment and deduction file transmission	A.4.f	As determined by the State/Higher Education
7. Enrollment confirmation	A.4.f.	Within ten (10) Business days of FSA establishment
8. Card adjudication rate report	A.4.g.	Quarterly
9. Non-allowable claims notification	A.4.j.	Within fifteen (15) Business days of claims receipt
10. Appeals processing	A.4.j.	Within fifteen (15) Business days of appeals receipt
11. Non-discrimination testing	A.4.n.	Annually
12. Refund unused funds	A.4.o.	Annually
13. Member notice of available balance	A.4.q.	One month before end of plan year and one (1) month before end of run-out period
<b>Member/Employer Support and Education</b>		
14. Member satisfaction survey and follow up action plan	A.5.e.	Annually
<b>Implementation</b>		
15. HSA Account go-live	A.6.a.	January 1, 2021
16. FSA Account go-live	A.6.a.	January 1, 2021
17. Kick-off meeting	A.6.b.	Within thirty (30) days of the contract Effective Date
18. Implementation plan	A.6.c.	Within thirty (30) days of the contract Effective Date

<b>Deliverables/Milestones:</b>	<b>Contract Reference(s):</b>	<b>Deliverable Due Dates:</b>
19. Operational readiness review	A.6.d.	Within thirty (30) days prior to each go-live
20. Resolution of operational readiness findings	A.6.g.	Prior to the applicable go-live
21. Implementation status meetings	A.6.h.	Twice a week during implementation; Daily for the two (2) weeks prior to, and the first month following, each go-live
22. Implementation performance assessment	A.6.i.	Within fifteen (15) Business days of receiving results
<b>Reporting</b>		
23. Standard HSA/FSA reporting	A.7.c	As available from Contractor
24. Employer summary reports	A.7.e.	Monthly and annually
25. Salary deduction file	A.7.f.	As required by each employer
26. Account and investment statements	A.7.h	Quarterly
27. Portfolio performance review	A.7.i.	Quarterly
28. Account reports	A.7.j.	As required in the contract
29. Ad-hoc reports	A.7.m.	Within five (5) Business Days of request; Urgent reports within two (2) Business Days
<b>Call Center</b>		
30. Call center open	A.8.c.	September 1, 2020
31. Call center performance standards	A.8.k.	Monthly
32. Call center statistics	A.8.l.	Monthly
33. Approval of messages	A.8.o.	Prior to HSA and FSA go-live and as updated
34. Submission of decision tree and menu for approval	A.8.r.	Prior to HSA and FSA go-live and as updated
35. Member complaints	A.8.x.	Quarterly
<b>Staffing</b>		
36. Ongoing operational meetings	A.9.i.	Weekly
37. In-person meeting	A.9.j.	Annually
38. Account team survey results	A.9.k.	Within fifteen (15) days of receiving the results
<b>Communications/Materials</b>		
39. Marketing and communications plan	A.10.a.	At the state's request
40. Drafts of materials	A.10.f.	Fourteen (14) Business Days prior

<b>Deliverables/Milestones:</b>	<b>Contract Reference(s):</b>	<b>Deliverable Due Dates:</b>
		to printing, assembly, and/or distribution
41. Enrollment materials	A.10.l.	Annually, two (2) months prior to annual enrollment
42. Notification of plan changes	A.10.m.	Thirty (30) Business Days prior to the changes
43. Mass mailings	A.10.n.	Within fourteen (14) Business Days of receiving language/copy
44. Web updates	A.10.q.	Updates within five (5) Business Days; New information one (1) month prior to annual enrollment
45. Corrected versions	A.10.s.	Within ten (10) Business Days of notification by the state
46. HSA activation letter	A.10.t.	Thirty (30) Business Days after receipt of enrollment
<b>Welcome Packets and Debit Cards</b>		
47. Initial welcome packets and debit cards	A.11.b.	Ten (10) Business Days after receipt of state enrollment file
48. Ongoing welcome packets and debit cards	A.11.d.	Within ten (10) Business Days of member completion of the HSA and/or FSA enrollment/set-up process
<b>Splash Page, Contractor Website, and Mobile Application</b>		
49. Splash Page go-live	A.12.e.	September 1, 2020
50. Website go-live	A.12.e.	September 15, 2020
51. Splash Page design submission	A.12.e	August 1, 2020
52. Website log-in credentials	A.12.e.	August 15, 2020
53. Splash Page access	A.12.f.	August 1, 2020
54. Splash Page and Website updates	A.12.i.	Within five (5) Business Days of the State's approval
55. New plan year information posted	A.12.k	Annually on September 1 after go-live
56. Notice of changes to online terms and conditions	A.12.q.	Sixty (60) Business Days prior to the new effective date
<b>Coordination and Collaboration</b>		
57. ABC Calls	A.13.e.	Weekly during annual enrollment and monthly otherwise
58. On-site educational sessions	A.13.f.	At the state's request



<b>Deliverables/Milestones:</b>		<b>Contract Reference(s):</b>	<b>Deliverable Due Dates:</b>
<b>Data Integration &amp; Technical Requirements</b>			
59.	Completion of enrollment & payroll file testing	A.14.c.	One (1) month prior to HSA and FSA go-live
60.	Edison interface/eligibility & payroll file acceptance	A.14.d.	Two (2) weeks prior to HSA and FSA go-live
61.	Enrollment files	A.14.e.i.	Weekly
62.	File transmission statistics report	A.14.e.ii.	Within five (5) Business Days of receipt of weekly enrollment update
63.	Enrollment updates	A.14.e.iii.	Within four (4) Business Days of receipt of weekly file
64.	Enrollment discrepancies	A.14.e.iv.	Within two (2) Business Days of identification
65.	State Enrollment Data Match	A.14.e.v.	Up to four (4) times annually, as requested by the State
66.	Vendor files	A.14.f.	Up to daily
67.	Claims data transmission to third parties	A.14.f.	As directed by the State
68.	Transfer of data and records	A.14.i.	Within sixty (60) days of contract termination
<b>Information Systems</b>			
69.	Information Retention Plan	A.15.e.i.	One (1) month prior to HSA operational go-live
<b>System Availability, Business Continuity and Disaster Recovery (BC-DR)</b>			
70.	Business Continuity/Disaster Recovery (BC-DR) Summary Results Report	E.8.	One (1) month prior to HSA operational go-live and annually thereafter
71.	BC-DR corrective action plan	E.8.	Within ten (10) Business Days of the state's request
72.	Duplicate Records	E.8.	On or before contract termination date
<b>System and Information Security and Access Management Requirements</b>			
73.	Information integrity methodology and testing	A.16.d.	Periodically throughout the contract term
74.	Information Security Plan	A.16.l.	One (1) month prior to go-live and annually thereafter
75.	Transport Layer Security	A.16.m.	September 15, 2020
<b>Fraud and Abuse</b>			
76.	Fraud and abuse program summary	A.17.c.	Two (2) months prior to HSA and FSA go-live

Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates:
<b>Audits</b>		
77. Respond to findings	A.18.d	Within thirty (30) days of notification

**A.20. Warranty.** Contractor represents and warrants that the term of the warranty (“Warranty Period”) shall be the greater of the Term of this Contract or any other warranty generally offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a “Defect” and shall be considered “Defective.” If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor’s industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State’s rights under this Section shall not prejudice the State’s rights to seek any other remedies available under this Contract or applicable law.

**A.21. Inspection and Acceptance.** The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

**B. TERM OF CONTRACT:**

This Contract shall be effective on June 1, 2020 (“Effective Date”) and extend for a period of seventy-one (71) months after the Effective Date (“Term”). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

**C. PAYMENT TERMS AND CONDITIONS:**

**C.1. Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed **Written Dollar Amount (\$Number)** (“Maximum Liability”). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

**C.2. Compensation Firm.** The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.

- C.3. Payment Methodology. The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.
- a. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
  - b. The Contractor shall be compensated based upon the following payment methodology:

**PLACEHOLDER FOR COMPLETED COST PROPOSAL TABLE  
FROM BEST EVALUATED RESPONDENT**

- c. If Member materials containing an error were approved by the State In Writing and the error was detected after the materials were mailed, the State will reimburse the Contractor the production and postage cost of mailing the corrected version pursuant to Contract Section C.3.e.
- d. For mailings in addition to those identified in the contract, the State shall reimburse the Contractor for the following, selected actual costs in the performance of this Contract upon Contractor providing documentation of actual costs incurred.
  - (1) Postage. The State shall reimburse the Contractor for the actual cost of postage for mailing materials produced under the terms of this Contract and as directed and authorized by the State.
  - (2) Printing/Production. The State shall reimburse the Contractor an amount equal to the actual cost of document printing/production as required and authorized by the State and as detailed by the Contract Scope of Services as referred to in A.10.

Notwithstanding the foregoing, the State retains the option to authorize the Contractor to deliver a product to be printed. The State also retains the option to approve and accept the product but not use the Contractor to print the material. In those situations, the State shall have the discretion to use other printing and production services at its disposal.

C.4 **At-Risk Performance Payments and SLA Scorecard**

- a. The Parties shall conduct a scorecard assessment (Contract Attachment D), beginning after the go-live date, on a quarterly basis (every three months) during the Term.
- b. Based on the SLA Scorecard, Contractor shall send the State an At-Risk Performance Payment (if applicable) quarterly (every three months) during the Term in accordance with Contract Attachment D. This payment is due within forty-five (45) calendar days of the quarterly SLA scorecard assessment.

- C.5. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.

- C.6. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address:

Seannalyn Brandmeir, Procurement and Contracting Manager

Tennessee Department of Finance & Administration  
 Division of Benefits Administration  
 312 Rosa L. Parks Avenue, Suite 1900  
 Nashville, Tennessee 37243

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
- (1) Invoice number (assigned by the Contractor);
  - (2) Invoice date;
  - (3) Contract number (assigned by the State);
  - (4) Customer account name: Department of Finance & Administration, Division of Benefits Administration
  - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
  - (6) Contractor name;
  - (7) Contractor Tennessee Edison registration ID number;
  - (8) Contractor contact for invoice questions (name, phone, or email);
  - (9) Contractor remittance address;
  - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
  - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
  - (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
  - (13) Amount due for each compensable unit of good or service; and
  - (14) Total amount due for the invoice period.
- b. Contractor's invoices shall:
- (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
  - (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
  - (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
  - (4) Include shipping or delivery charges only as authorized in this Contract.
- c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.
- C.7. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.
- C.8. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.
- C.9. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.

- C.10. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.
- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
  - b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

**D. MANDATORY TERMS AND CONDITIONS:**

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Seannalyn Brandmeir, Procurement and Contracting Manager  
 Tennessee Department of Finance & Administration  
 Division of Benefits Administration  
 312 Rosa L. Parks Avenue, Suite 1900  
 Nashville, Tennessee 37243  
 Seannalyn.Brandmeir@tn.gov  
 Telephone: 615.532.4598  
 Fax: 615.253.8556

The Contractor:

**Contractor Contact Name & Title**  
**Contractor Name**  
**Address**  
**Email Address**  
 Telephone # **Number**  
 FAX # **Number**

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.

- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.
- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause for any reason. The State's election to terminate this Contract for convenience shall be effective upon the date specified and shall not be deemed a breach of contract by the State. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any good or service that has not been provided, nor shall the Contractor be relieved of any liability to the State for any damages or claims arising under this Contract.
- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.
- The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.
- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the

state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Contract Attachment A, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
  - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
  - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
  - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
  - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.
- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party

to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.

- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless from any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death. For clarity, except as otherwise expressly set forth in this Section, Contractor's indemnification obligations and other remedies available under this Contract are subject to the limitations on liability set forth in this Section.
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys' fees, court costs, expert witness fees, and other litigation expenses for the State to enforce the terms of this Contract.

In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

- D.20. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.
- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.



- b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
  - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT “protected health information” as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
  - d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.
  - e. The Contractor shall not sell Public Sector Plan Member information or use Member information unless it is aggregated blinded data, which is not identifiable on a Member basis. The State must approve, In Writing, the use of and sale of any of our member or plan data, even if being used in an aggregated, blinded data format.
  - f. The Contractor shall not use Public Sector Plan Member identified or non-aggregated information for advertising, marketing, promotion or any activity intended to influence sales or market share of any product or service except when permitted by the State, such as advertisements of the Program for enrollment purposes.
  - g. The Contractor shall have full financial responsibility for any penalties, fines, or other payments imposed or required as a result of the Contractor’s non-compliance with or violation of HIPAA or HITECH requirements, and the Contractor shall indemnify the State with respect to any such penalties, fines, or payments, including the cost of credit protection. At the request of the State, the Contractor shall offer credit protection for those times in which a Member’s PHI is accidentally or inappropriately disclosed.
- D.21. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System (“TCRS”), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member’s retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of “employee/employer” and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.
- D.22. Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.23. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

- b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
- c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and
- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded, disqualified, or presently fall under any of the prohibitions of sections a-d.

- D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees for the affected obligations until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.
- D.25. State and Federal Compliance. The Contractor shall comply with all State and federal laws and regulations applicable to Contractor in the Contractor's performance of this Contract.
- D.26. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict or choice of law rules. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 408.
- D.27. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.

- D.28. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.29. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.30. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:
- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
  - b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through g., below), which includes:
    - i. Contract Attachment A Attestation Re Personnel Used in Contract Performance;
    - ii. Contract Attachment B Liquidated Damages;
    - iii. Contract Attachment C Reporting Requirements;
    - iv. Contract Attachment D Service Level Agreement Scorecard; and
    - v. Contract Attachment E HIPAA Business Associate Agreement;
  - c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
  - d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
  - e. any technical specifications provided to proposers during the procurement process to award this Contract;
  - f. the Contractor's response seeking this Contract; and
  - g. any Contractor rules or policies contained in insurance policy filings by the Contractor with State regulators.
- D.31. Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101, *et seq.*, addressing contracting with persons as defined at Tenn. Code Ann. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.
- D.32. Insurance. Contractor shall maintain insurance coverage as specified in this Section. The State reserves the right to amend or require additional insurance coverage, coverage amounts, and endorsements required under this Contract. Contractor's failure to maintain or submit evidence of insurance coverage, as required, is a material breach of this Contract. If Contractor loses insurance coverage, fails to renew coverage, or for any reason becomes uninsured during the Term, Contractor shall immediately notify the State. All insurance companies providing coverage must be: (a) acceptable to the State; (b) authorized by the Tennessee Department of Commerce and Insurance ("TDCI"); and (c) rated A- / VII or better by A.M. Best. All coverage must be on a primary basis and noncontributory with any other insurance or self-insurance carried by the State. Contractor agrees to name the State as an additional insured on any insurance policy with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) insurance. All policies must contain an endorsement for a waiver of subrogation in favor of the State. Any deductible or self insured retention ("SIR") over fifty thousand dollars (\$50,000) must be approved by the State. The deductible or SIR and any premiums are the

Contractor's sole responsibility. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

To achieve the required coverage amounts, a combination of an otherwise deficient specific policy and an umbrella policy with an aggregate meeting or exceeding the required coverage amounts is acceptable. For example: If the required policy limit under this Contract is for two million dollars (\$2,000,000) in coverage, acceptable coverage would include a specific policy covering one million dollars (\$1,000,000) combined with an umbrella policy for an additional one million dollars (\$1,000,000). If the deficient underlying policy is for a coverage area without aggregate limits (generally Automobile Liability and Employers' Liability Accident), Contractor shall provide a copy of the umbrella insurance policy documents to ensure that no aggregate limit applies to the umbrella policy for that coverage area. In the event that an umbrella policy is being provided to achieve any required coverage amounts, the umbrella policy shall be accompanied by an endorsement at least as broad as the Insurance Services Office, Inc. (also known as "ISO") "Noncontributory—Other Insurance Condition" endorsement or shall be written on a policy form that addresses both the primary and noncontributory basis of the umbrella policy if the State is otherwise named as an additional insured.

Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified in this Section. The COI must be on a form approved by the TDCI (standard ACORD form preferred). The COI must list each insurer's National Association of Insurance Commissioners (NAIC) number and be signed by an authorized representative of the insurer. The COI must list the State of Tennessee – CPO Risk Manager, 312 Rosa L. Parks Ave., 3<sup>rd</sup> floor Central Procurement Office, Nashville, TN 37243 as the certificate holder. Contractor shall provide the COI ten (10) business days prior to the Effective Date and again thirty (30) calendar days before renewal or replacement of coverage. Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that subcontractors are included under the Contractor's policy. At any time, the State may require Contractor to provide a valid COI. The Parties agree that failure to provide evidence of insurance coverage as required is a material breach of this Contract. If Contractor self-insures, then a COI will not be required to prove coverage. Instead Contractor shall provide a certificate of self-insurance or a letter, on Contractor's letterhead, detailing its coverage, policy amounts, and proof of funds to reasonably cover such expenses. The State reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

The insurance obligations under this Contract shall be: (1)—all the insurance coverage and policy limits carried by the Contractor; or (2)—the minimum insurance coverage requirements and policy limits shown in this Contract; whichever is greater. Any insurance proceeds in excess of or broader than the minimum required coverage and minimum required policy limits, which are applicable to a given loss, shall be available to the State. No representation is made that the minimum insurance requirements of the Contract are sufficient to cover the obligations of the Contractor arising under this Contract. The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability ("CGL") Insurance

- 1) The Contractor shall maintain CGL, which shall be written on an ISO Form CG 00 01 occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises and operations

products and completed operations, bodily injury, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

The Contractor shall maintain single limits not less than one million dollars (\$1,000,000) per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this policy or location of occurrence or the general aggregate limit shall be twice the required occurrence limit.

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
  - i. Workers' compensation in an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
  - i. The Contractor employs fewer than five (5) employees;
  - ii. The Contractor is a sole proprietor;
  - iii. The Contractor is in the construction business or trades with no employees;
  - iv. The Contractor is in the coal mining industry with no employees;
  - v. The Contractor is a state or local government; or
  - vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Professional Liability Insurance

- 1) Professional liability insurance shall be written on an occurrence basis or on a claims-made basis. If this coverage is written on a claims-made basis, then:
  - i. The retroactive date must be shown, and must be on or before the earlier of the Effective Date of the Contract or the beginning of Contract work or provision of goods and services;
  - ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) full years from the date of the final Contract payment; and
  - iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date on or prior to the Contract Effective Date, the Contractor must purchase "extended reporting" or "tail coverage" for a minimum of five (5) full years from the date of the final Contract payment.

- 2) Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and
- 3) If the Contract involves the provision of services by medical professionals, a policy limit not less than three million (\$3,000,000) per claim and three million dollars (\$3,000,000) in the aggregate for medical malpractice insurance.

d. Technology Professional Liability (Errors & Omissions)/Cyber Liability Insurance

- 4) The Contractor shall maintain technology professional liability (errors & omissions)/cyber liability insurance appropriate to the Contractor's profession in an amount not less than ten million dollars (\$10,000,000) per occurrence or claim and ten million dollars (\$10,000,000) annual aggregate, covering all acts, claims, errors, omissions, negligence, infringement of intellectual property (including copyright, patent and trade secret); network security and privacy risks, including but not limited to unauthorized access, failure of security, information theft, damage to destruction of or alteration of electronic information, breach of privacy perils, wrongful disclosure and release of private information, collection, or other negligence in the handling of confidential information, and including coverage for related regulatory fines, defenses, and penalties.
- 5) Such coverage shall include data breach response expenses, in an amount not less than ten million dollars (\$10,000,000) and payable whether incurred by the State or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services and expenses in the performance of services for the State or on behalf of the State hereunder.

D.33. Major Procurement Contract Sales and Use Tax. Pursuant to Tenn. Code Ann. § 4-39-102 and to the extent applicable, the Contractor and the Contractor's subcontractors shall remit sales and use taxes on the sales of goods or services that are made by the Contractor or the Contractor's subcontractors and that are subject to tax.

D.34. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

The obligations set forth in this Section shall survive the termination of this Contract.

**E. SPECIAL TERMS AND CONDITIONS:**

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.

E.2. Software License Warranty. Contractor grants a license to the State to use all software provided under this Contract in the course of the State's business and purposes.

- E.3. Software Support and Maintenance Warranty. Contractor shall provide to the State all software upgrades, modifications, bug fixes, or other improvements in its software that it makes generally available to its customers.
- E.4. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.
- E.5. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's response to RFP-31786-00147 (RFP Attachment 6.2, Section B.15) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and Tennessee service-disabled veterans. Such reports shall be provided to the state of Tennessee Governor's Office of Diversity Business Enterprise in the required form and substance.

- E.6. Liquidated Damages. If the Contractor fails to perform in accordance with any term or provision of this contract, only provides partial performance of any term or provision of the Contract, violates any warranty, or any act prohibited or restricted by the Contract occurs, ("Liquidated Damages Event"), the State may assess damages on Contractor ("Liquidated Damages"). The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The Parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for Contractor's failure to fulfill its obligations regarding the Liquidated Damages Event as these amounts are likely to be uncertain and not easily proven. Contractor has carefully reviewed the Liquidated Damages contained in Attachment B and agrees that these amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of a Liquidated Damages Event, and are a reasonable estimate of the damages that would occur from a Liquidated Damages Event. The Parties agree that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the Liquidated Damages are in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or any other sections of this Contract.

The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity.

- E. 7. Personally Identifiable Information. While performing its obligations under this Contract, Contractor may have access to Personally Identifiable Information held by the State ("PII"). For the purposes of this Contract, "PII" includes "Nonpublic Personal Information" as that term is defined in Title V of the Gramm-Leach-Bliley Act of 1999 or any successor federal statute, and the rules and regulations thereunder, all as may be amended or supplemented from time to time ("GLBA") and personally identifiable information and other data protected under any other applicable laws, rule or regulation of any jurisdiction relating to disclosure or use of personal information ("Privacy Laws"). Contractor agrees it shall not do or omit to do anything which would cause the State to be in breach of any Privacy Laws. Contractor shall, and shall cause its employees, agents and representatives to: (i) keep PII confidential and may use and disclose PII only as necessary to carry out those specific aspects of the purpose for which the PII was disclosed to Contractor and in accordance with this Contract, GLBA and Privacy Laws; and (ii) implement and maintain appropriate technical and organizational measures regarding information security to: (A) ensure the security and confidentiality of PII; (B) protect against any threats or hazards to the security or integrity of PII; and (C) prevent unauthorized access to or use of PII. Contractor shall immediately notify State: (1) of any disclosure or use of any PII by Contractor or any of its employees, agents and representatives in breach of this Contract; and (2) of any

disclosure of any PII to Contractor or its employees, agents and representatives where the purpose of such disclosure is not known to Contractor or its employees, agents and representatives. The State reserves the right to review Contractor's policies and procedures used to maintain the security and confidentiality of PII and Contractor shall, and cause its employees, agents and representatives to, comply with all reasonable requests or directions from the State to enable the State to verify and/or procure that Contractor is in full compliance with its obligations under this Contract in relation to PII. Upon termination or expiration of the Contract or at the State's direction at any time in its sole discretion, whichever is earlier, Contractor shall immediately return to the State any and all PII which it has received under this Contract and shall destroy all records of such PII.

The Contractor shall report to the State any instances of unauthorized access to or potential disclosure of PII in the custody or control of Contractor ("Unauthorized Disclosure") that come to the Contractor's attention. Any such report shall be made by the Contractor within twenty-four (24) hours after the Unauthorized Disclosure has come to the attention of the Contractor. Contractor shall take all necessary measures to halt any further Unauthorized Disclosures. The Contractor, at the sole discretion of the State, shall provide no cost credit monitoring services for individuals whose PII was affected by the Unauthorized Disclosure. The Contractor shall bear the cost of notification to all individuals affected by the Unauthorized Disclosure, including individual letters and public notice. The remedies set forth in this Section are not exclusive and are in addition to any claims or remedies available to this State under this Contract or otherwise available at law. The obligations set forth in this Section shall survive the termination of this Contract.

E.8. Contractor Hosted Services and Confidential Data, Audit, and Other Requirements

- a. "Confidential State Data" is defined as data deemed confidential by State or Federal statute or regulation. The Contractor shall protect Confidential State Data as follows:
  - (1) The Contractor shall ensure that all Confidential State Data is housed in the continental United States, inclusive of backup data.
  - (2) The Contractor shall encrypt Confidential State Data at rest and in transit using the current version of Federal Information Processing Standard ("FIPS") 140-2 validated encryption technologies.
  - (3) Contractor must enter into a Business Associate Agreement (BAA) with the State. See Contract Attachment E.
  - (4) The Contractor must annually perform Penetration Tests and Vulnerability Assessments against its Processing Environment. "Processing Environment" shall mean the combination of software and hardware on which the Application runs. "Application" shall mean the computer code that supports and accomplishes the State's requirements as set forth in this Contract. "Penetration Tests" shall be in the form of attacks on the Contractor's computer system, with the purpose of discovering security weaknesses which have the potential to gain access to the Processing Environment's features and data. The "Vulnerability Assessment" shall be designed and executed to define, identify, and classify the security holes (vulnerabilities) in the Processing Environment. The Contractor shall allow the State, at its option, to perform Penetration Tests and Vulnerability Assessments on the Processing Environment.
  - (5) Upon State request, the Contractor shall provide a copy of all Confidential State Data it holds. The Contractor shall provide such data on media and in a format determined by the State. The Contractor shall maintain a duplicate set of all records relating to this Contract in electronic medium, usable by the State and the Contractor for the purpose of Disaster recovery. Such duplicate records are to be stored at a secure fire, flood, and theft- protected facility located away from the storage location of the



originals. The Contractor shall update duplicate records, at a minimum, on a daily basis and shall retain said records for a period of sixty (60) days from the date of creation.

- (6) Upon termination of this Contract and in consultation with the State, the Contractor shall destroy all Confidential State Data it holds (including any copies such as backups) in accordance with the current version of National Institute of Standards and Technology (“NIST”) Special Publication 800-88. The Contractor shall provide a written confirmation of destruction to the State within ten (10) business days after destruction.

b. Minimum Requirements

- (1) The Contractor and all data centers used by the Contractor to host State data, including those of all Subcontractors, must comply with the State’s Enterprise Information Security Policies as amended periodically. The State’s Enterprise Information Security Policies document is found at the following URL: <https://www.tn.gov/finance/strategic-technology-solutions/strategic-technology-solutions/sts-security-policies.html>.
- (2) The Contractor agrees to maintain the Application so that it will run on a current, manufacturer-supported Operating System. “Operating System” shall mean the software that supports a computer’s basic functions, such as scheduling tasks, executing applications, and controlling peripherals.
- (3) If the Application requires middleware or database software, Contractor shall maintain middleware and database software versions that are at all times fully compatible with current versions of the Operating System and Application to ensure that security vulnerabilities are not introduced.

c. Comptroller Audit Requirements

Upon reasonable notice and at any reasonable time, the Contractor and Subcontractor(s) agree to allow the State, the Comptroller of the Treasury, or their duly appointed representatives to perform information technology control audits of the Contractor and all Subcontractors used by the Contractor. Contractor will maintain and cause its Subcontractors to maintain a complete audit trail of all transactions and activities in connection with this Contract. Contractor will provide to the State, the Comptroller of the Treasury, or their duly appointed representatives access to Contractor and Subcontractor(s) personnel for the purpose of performing the information technology control audit.

The information technology control audit may include a review of general controls and application controls. General controls are the policies and procedures that apply to all or a large segment of the Contractor’s or Subcontractor’s information systems and applications and include controls over security management, access controls, configuration management, segregation of duties, and contingency planning. Application controls are directly related to the application and help ensure that transactions are complete, accurate, valid, confidential, and available. The audit shall include the Contractor’s and Subcontractor’s compliance with the State’s Enterprise Information Security Policies and all applicable requirements, laws, regulations or policies.

The audit may include interviews with technical and management personnel, physical inspection of controls, and review of paper or electronic documentation.

For any audit issues identified, the Contractor and Subcontractor(s) shall provide a corrective action plan to the State within 30 days from the Contractor or Subcontractor receiving the audit report.

Each party shall bear its own expenses incurred while conducting the information technology controls audit.

- d. **Business Continuity Requirements.** The Contractor shall maintain set(s) of documents, instructions, and procedures which enable the Contractor to respond to accidents, disasters, emergencies, or threats without any stoppage or hindrance in its key operations (“Business Continuity Requirements”). Business Continuity Requirements shall include:
- (1) Regardless of the architecture of its systems, the Contractor shall develop and be continually ready to invoke a business continuity and Disaster recovery (“BC-DR”) plan. The BC-DR plan shall encompass all Information Systems supporting this Contract. At a minimum the Contractor’s BC-DR plan shall address and provide the results for the following scenarios:
    - i. Central and/or satellite data processing, telecommunications, print and mailing facilities and functions therein, hardware and software are destroyed or damaged;
    - ii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of transactions that are active in a live system at the time of the outage;
    - iii. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of data maintained in a live or archival system; and
    - iv. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that does not compromise the integrity of transactions or data maintained in a live or archival system but does prevent access to the system.
  - (2) “Disaster Recovery Capabilities” refer to the actions the Contractor takes to meet the Recovery Point and Recovery Time Objectives defined below. Disaster Recovery Capabilities shall meet the following objectives:
    - i. Recovery Point Objective (“RPO”). The RPO is defined as the maximum targeted period in which data might be lost from an IT service due to a major incident: one (1) hour.
    - ii. Recovery Time Objective (“RTO”). The RTO is defined as the targeted duration of time and a service level within which a business process must be restored after a Disaster (or disruption) in order to avoid unacceptable consequences associated with a break in business continuity: Seventy-two (72) hours.
  - (3) The Contractor shall perform at least one Disaster Recovery Test every three hundred sixty-five (365) days. A “Disaster Recovery Test” shall mean the process of verifying the success of the restoration procedures that are executed after a critical IT failure or disruption occurs. The Disaster Recovery Test shall use actual State Data Sets that mirror production data, and success shall be defined as the Contractor

verifying that the Contractor can meet the State's RPO and RTO requirements. A "Data Set" is defined as a collection of related sets of information that is composed of separate elements but can be manipulated as a unit by a computer. The Contractor shall provide written confirmation to the State after each Disaster Recover Test that its Disaster Recovery Capabilities meet the RPO and RTO requirements. The Contractor shall submit a written summary of its annual BC-DR test results to the State (see item #1 in Contract Attachment C).

- e. The Contractor and any Subcontractor used by the Contractor to host State data, including data center vendors, shall be subject to an annual engagement by a CPA firm in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") for a System and Organization Controls for service organizations ("SOC") 2 Type II audit. The State shall approve the SOC audit control objectives. The Contractor shall provide the State with the Contractor's and Subcontractor's annual audit report within 30 days from when the CPA firm provides the audit report to the Contractor or Subcontractor and in addition to periodic bridge reports as requested by the State, see Contract Attachment C. The Contractor shall submit corrective action plans to the State for any issues included in the audit report within 30 days after the CPA firm provides the audit report to the Contractor and Subcontractor.
  - f. If the scope of the most recent SOC audit report does not include all of the current State fiscal year, upon request from the State, the Contractor must provide to the State a letter from the Contractor or Subcontractor stating whether the Contractor or Subcontractor made any material changes to their control environment since the prior audit and, if so, whether the changes, in the opinion of the Contractor or Subcontractor, would negatively affect the auditor's opinion in the most recent audit report.
  - g. No additional funding shall be allocated for these audits as they are included in the Maximum Liability of this Contract.
  - h. Upon State request, the Contractor shall provide a copy of all Confidential State Data it holds. The Contractor shall provide such data on media and in a format determined by the State. The Contractor shall maintain a duplicate set of all records relating to this Contract in electronic medium, usable by the State and the Contractor for the purpose of Disaster recovery. Such duplicate records are to be stored at a secure fire, flood, and theft-protected facility located away from the storage location of the originals. The Contractor shall update duplicate records, at a minimum, on a daily basis and shall retain said records for a period of sixty (60) days from the date of creation.
- E.9. Additional lines, items, or options. At its sole discretion, the State may make written requests to the Contractor to add lines, items, or options that are needed and within the Scope but were not included in the original Contract. Such lines, items, or options will be added to the Contract through a Memorandum of Understanding ("MOU"), not an amendment.
- a. After the Contractor receives a written request to add lines, items, or options, the Contractor shall have ten (10) business days to respond with a written proposal. The Contractor's written proposal shall include:
    - (1) The effect, if any, of adding the lines, items, or options on the other goods or services required under the Contract;
    - (2) Any pricing related to the new lines, items, or options;
    - (3) The expected effective date for the availability of the new lines, items, or options; and
    - (4) Any additional information requested by the State.

- b. The State may negotiate the terms of the Contractor's proposal by requesting revisions to the proposal.
  - c. To indicate acceptance of a proposal, the State will sign it. The signed proposal shall constitute a MOU between the Parties, and the lines, items, or options shall be incorporated into the Contract as if set forth verbatim.
  - d. Only after a MOU has been executed shall the Contractor perform or deliver the new lines, items, or options.
- E. 10. Extraneous Terms and Conditions. Contractor shall fill all orders submitted by the State under this Contract. No purchase order, invoice, or other documents associated with any sales, orders, or supply of any good or service under this Contract shall contain any terms or conditions other than as set forth in the Contract. Any such extraneous terms and conditions shall be void, invalid and unenforceable against the State. Any refusal by Contractor to supply any goods or services under this Contract conditioned upon the State submitting to any extraneous terms and conditions shall be a material breach of the Contract and constitute an act of bad faith by Contractor.
- E.11. Survival. The terms, provisions, representations, and warranties contained in this Contract which by their sense and context are intended to survive the performance and termination of this Contract, shall so survive the completion of performance and termination of this Contract.

IN WITNESS WHEREOF,

**CONTRACTOR LEGAL ENTITY NAME:**

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**CONTRACTOR SIGNATURE**

**DATE**

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**PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)**

**STATE OF TENNESSEE,  
STATE INSURANCE COMMITTEE,  
LOCAL EDUCATION INSURANCE COMMITTEE,  
LOCAL GOVERNMENT INSURANCE COMMITTEE::**

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**Stuart C. McWhorter, CHAIRMAN**

**DATE**

## ATTACHMENT A

**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

<b>SUBJECT CONTRACT NUMBER:</b>	
<b>CONTRACTOR LEGAL ENTITY NAME:</b>	
<b>FEDERAL EMPLOYER IDENTIFICATION NUMBER:</b> (or Social Security Number)	

**The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.**

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**CONTRACTOR SIGNATURE**

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

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**PRINTED NAME AND TITLE OF SIGNATORY**


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**DATE OF ATTESTATION**

**CONTRACT ATTACHMENT B****PERFORMANCE GUARANTEES AND LIQUIDATED DAMAGES**

To effectively manage contractual performance, the State has established Liquidated Damages associated with the Contractor's obligations with respect to the Contract. The Contractor is expected to perform according to a certain level of standards. If these standards are not met, the State is entitled to impose liquidated damage assessments. Damages are included in this Attachment.

The Parties agree that the Liquidated Damages represent solely the anticipated damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party.

**Payment of Liquidated Damages:** It is agreed by the State and the Contractor that any liquidated damages assessed by the State shall be due and payable to the State within forty-five (45) calendar days after Contractor receipt of the Invoice containing an assessment of Liquidated Damages. If payment is not made by the due date, the Liquidated Damages amount may be withheld from future payments by the State without further notice.

<b>PERFORMANCE GUARANTEES</b>	
<b>1. HSA Go-Live</b>	
Guarantee	All fully established HSAs shall take effect (i.e., "go-live") and be available for member use on the HSA account go-live date specified in Contract Section A.19.
Assessment	Five thousand dollars (\$5,000) for every day beyond the deadline that accounts are not fully operational.
Justification	Program go-live is an imperative performance guarantee listed in the Contract. If there is a delay in this, the State is unable to provide HSA benefits to our Members. This assessment and amount takes into account the State's increased staff time for Member inquiries, resolution of additional Member issues, and increased legislative inquiries.
Measurement	Measured, reported, reconciled and paid no later than three (3) months after the HSA account go-live date.
<b>2. FSA Go-Live</b>	
Guarantee	All FSAs shall take effect (i.e., "go-live") and be available for member use on the FSA account go-live date specified in Contract Section A.19.
Assessment	Five thousand dollars (\$5,000) for every day beyond the deadline that accounts are not fully operational.
Justification	Program go-live is an imperative performance guarantee listed in the Contract. If there is a delay in this, the State is unable to provide FSA benefits to our Members. This assessment and amount takes into account the State's increased staff time for Member inquiries, resolution of additional Member issues, and increased legislative inquiries.
Measurement	Measured, reported, reconciled and paid no later than three (3) months after the FSA account go-live date.
<b>3. Implementation</b>	
Guarantee	The Contractor shall comply with all tasks, deliverables, and milestones included in the project implementation plan, as required in Contract Section A.6, necessary to install the program by the go-live date.
Assessment	One thousand dollars (\$1,000) for each Business Day for each deliverable and/or

	milestone beyond the deadline up to, and including, the go-live date specified in Contract Section A.19
Justification	Implementation is a critical portion of the new contract to ensure all aspects of the HSA and FSA programs are enacted accurately and timely in order for services to be delivered accurately and timely to members. This assessment calculates the potential impact of missed or inaccurate implementation milestones.
Measurement	Assessed, reported and reconciled no later three (3) months after HSA and FSA go-live.
<b>4. Operational Readiness</b>	
Guarantee	The Contractor shall resolve all findings identified by the State during its operational readiness review, as required in Contract Section A.6.d. prior to the applicable go-live date.
Assessment	Five hundred dollars (\$500) per finding if the issue is not resolved prior to the applicable go-live date.
Justification	Operational readiness review requires the Contractor and the State to investigate and navigate any potential issues, deadlines, and milestones leading up to go-live and operations.
Measurement	Measured, reported reconciled and paid no later than three (3) months after the applicable go-live date.
<b>5. Electronically Transmitted Data</b>	
Guarantee	Contractor's processing of data from the Edison system shall be fully operational two (2) weeks prior to the HSA and FSA go-live date.
Assessment	One thousand dollars (\$1,000) per day, for every day beyond the deadline that the interface is not fully operational.
Justification	Processing of Edison system electronic data is required for Member contributions into HSA and FSA accounts and without this data transfer working properly Members do not have the ability to fund their accounts.
Measurement	Measured and reported beginning the day after the HSA and FSA go-live date and continuing – as necessary – until the interface is fully operational. (Reconciled and paid upon final recognition of operational status.)
<b>6. Call Center and Other Systems Operational</b>	
Guarantee	The Contractor's call center and other systems shall be fully operational no later than one (1) week prior to the HSA and FSA go-live dates go- in Contract Section A.19.
Assessment	One thousand dollars (\$1,000) for every day beyond the deadline that the call center or other system is not operational.
Justification	Call center functions are a core service that must be operational by the contracted deadlines in order to serve members.
Measurement	Measured, reported, reconciled and paid no later than three (3) months after the HSA and FSA account go-live dates.
<b>7. Website</b>	
Guarantee	The Contractor's website shall be available on the internet and fully operational, with the exception of Member data/PHI on or before the date specified in Contract Section A.19.
Assessment	Five hundred dollars (\$500) per day that the guarantee is not met.



Justification	Website functionality is a core service that must be operational by the contracted deadline in order to serve members.
Measurement	Measured, reported, reconciled and paid no later than three (3) months after the website go-live date.
<b>8. Privacy and Security of PHI Impacting 1 to 499 Members</b>	
Guarantee	<p>In accordance with Contract Section D.20 and Contract Attachment E, the Contractor shall not violate the Privacy and Security Rules (45 CFR Parts 160 and 164) promulgated by the United States Department of Health and Human Services pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191 as amended by Public Law 111-5, Division A, Title XIII (the HITECH Act).</p> <p>Pursuant to 45 CFR 164.402, breach is defined as the acquisition, access, use, or disclosure of protected health information in a manner not permitted under subpart E of the Privacy Rule which compromises the security or privacy of the PHI.</p>
Assessment	<p>Four Thousand Eight Hundred dollars (\$4,800) per violation until resolved.</p> <p>This assessment is based on the previous experience BA has had in responding to similar incidents impacting less than five hundred (500) Members which includes the following predicted costs to BA:</p> <ol style="list-style-type: none"> <li>1. HIPAA Compliance Officer time including investigating the breach, monitoring the HIPAA privacy hotline and email address estimated at seventy-five (75) hours;</li> <li>2. Director of Financial Management and Program Integrity time and work estimated at seven and half (7.5) hours;</li> <li>3. Program Director associated with this contract time and work estimated at fifteen (15) hours;</li> <li>4. Executive Director's time and work estimated at one (1) hour;</li> <li>5. Department attorney time including legal review estimated at one (1) hour; and</li> <li>6. Service Center staff time and work answering Member questions/concerns estimated at fifteen (15) hours.</li> </ol>
Justification	The guarantee and assessment estimates the impact on the State including the unpredictability of the timing of a breach; specifics of the breach's scope; length of time of investigation completion; number of Member calls to the BA service center; and level of legislative inquiries.
Measurement	Measured, reported, reconciled and paid after each occurrence.
<b>9. Privacy and Security of PHI Impacting 500 or More Members</b>	
Guarantee	<p>In accordance with Contract Section D.20 and Contract Attachment E, the Contractor shall not violate the Privacy and Security Rules (45 CFR Parts 160 and 164) promulgated by the United States Department of Health and Human Services pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191 as amended by Public Law 111-5, Division A, Title XIII (the HITECH Act).</p> <p>Pursuant to 45 CFR 164.402, breach is defined as the acquisition, access, use, or disclosure of protected health information in a manner not permitted under subpart E of the Privacy Rule which compromises the security or privacy of the PHI.</p>
Assessment	<p>Nineteen Thousand dollars (\$19,000) per incident basis violation until resolved</p> <p>This assessment is based on the previous experience BA has had in responding to similar incidents impacting five hundred (500) or more Members which includes the following predicted costs to BA:</p> <ol style="list-style-type: none"> <li>1. HIPAA Compliance Officer time including investigating the breach, monitoring the HIPAA privacy hotline and email address estimated at one hundred thirty(130) hours;</li> </ol>

	<ol style="list-style-type: none"> <li>2. Director of Financial Management and Program Integrity time and work estimated at thirty (30) hours;</li> <li>3. Program Director associated with this Contract time and work estimated at forty-five (45) hours;</li> <li>4. Executive Director's time and work estimated at eighteen (18) hours;</li> <li>5. Department attorney time including legal review estimated at thirty (30) hours;</li> <li>6. Service Center staff time and work answering Member questions/concerns estimated at one-hundred (100) hours;</li> <li>7. Public Information Officer ("PIO")'s time and work estimated at forty-five (45) hours; and</li> <li>8. Communications Director's time and work estimated at thirty (30) hours.</li> </ol>
Justification	<p>The guarantee and assessment estimates the impact on the State including the unpredictability of the timing of a breach; specifics of the breach's scope; length of time of investigation completion; number of Member calls to the BA service center; and level of legislative inquiries.</p> <p>A breach impacting five hundred (500) or more Members has additional required steps and procedures including notification to the Office of Civil Rights ("OCR") with the U.S. Department of Health &amp; Human Services ("HSS"); Documentation to OCR for a required investigation; the drafting and mailing of Member notification letters; and a federally-required media release to media outlets across the State.</p>
Measurement	Measured, reported, reconciled and paid after each occurrence.
<b>10. Initial Mailing of Welcome Packets and Debit Cards</b>	
Guarantee	Ninety-seven percent (97%) of initial welcome packets and debit cards shall be produced and mailed within ten (10) Business Days of receipt of the enrollment file from the State.
Assessment	Five thousand dollars (\$5,000.00) for every day beyond the deadline that the initial welcome packets and debit cards have not been produced and mailed to Members.
Justification	Members with an FSA, L-FSA or HSA need a debit card at the beginning of the Plan year in order to access their benefits in the most efficient manner. Having the vast majority of debit cards and welcome packets distributed prior to the go-live date is critical for this reason. This assessment and amount takes into account the State's increased staff time for Member inquiries, resolution of additional Member issues, and increased legislative inquiries.
Measurement	Measured, reported, reconciled and paid after each occurrence.

**CONTRACT ATTACHMENT C****REPORTING REQUIREMENTS**

As required by this Contract, the Contractor shall submit reports to the State. Reports shall be submitted via secure electronic medium, in a format approved or specified by the State, and shall be of the type and at the frequency indicated below. The State reserves the right to modify reporting requirements as deemed necessary. The State will provide the Contractor with at least sixty (60) days' notice prior to implementation of a report modification.

Unless otherwise directed by the State, the Contractor shall submit reports as follows:

1. Weekly reports shall be submitted by Tuesday of the following week;
2. Monthly reports shall be submitted by the 15<sup>th</sup> of the following month;
3. Quarterly reports shall be submitted by the 20<sup>th</sup> of the following month;
4. Semi-Annual Reports shall be submitted by the 20<sup>th</sup> of the following month;
5. Annual reports shall be submitted within sixty (60) days after the end of the calendar year.

Reports shall include:

1. **Compliance Report**, submitted no later than 60 (sixty) days following the end of each calendar quarter showing for the previous quarter the Contractor's outcome for each of the measurements in Contract Attachment B and Contract Attachment D of this Contract, (each component to be submitted at the frequency indicated in Contract Attachments B and D), as well as any payment due for that quarter (if applicable). Submitted by secure email, which shall include:
  - a. Status report narrative
  - b. Performance guarantee compliance results
  - c. Supporting detail report for each performance measure
2. **Card Adjudication Rates**, submitted quarterly in compliance with contract section A.4.g.
3. **Summary Reports**, submitted monthly and annually in compliance with contract section A.7.e.
4. **Portfolio Performance Review Report**, submitted quarterly in compliance with contract section A.7.i.
5. **Account reports**, submitted as requested in compliance with contract section A.7.j.
6. **Ad-Hoc Reports**, submitted as requested in compliance with contract section A.7.m.
7. **Call Center Performance Standards**, submitted monthly in compliance with contract section A.8.k.
8. **Call Center Statistics**, submitted monthly in compliance with contract section A.8.l.
9. **Member Complaints**, submitted quarterly in compliance with contract section A.8.x.
10. **Weekly File Transmission Statistics Report**, submitted within five (5) Business Days of receipt of the Weekly Enrollment Update in compliance with contract section A.14.e.ii.
11. **BC-DR Reports**, submitted one month prior to HSA operational go-live and annually thereafter in compliance with contract Section E.8.
12. **Security Risk Assessment**, submitted one month prior to HSA operational go-live and annually thereafter in compliance with contract Section A.16.l.
13. **Fraud and Abuse Report**, submitted two (2) months prior to HSA and FSA go-live in compliance with contract Section A.17.c.
14. **SOC2 Type II report**, submitted within thirty (30) days of the Contract Effective Date, annually thereafter, and in addition to periodic bridge reports as requested by the State in compliance with Contract Section E.8.

15. **Central State FSA CAFR reports**, submitted annually no later than July 30 in compliance with contract Section A.7.q.
16. **Debt Substantiation report(s)**, submitted annually by December 15 for the previous calendar year on Central State employees to the State via secure email in compliance with contract Section A.7.p.
17. **FSA Active Employees Without Payroll Deductions**, submitted monthly for the previous month for Central State employees in compliance with Contract Section A.7.t.
18. **FSA Active Employee Annual Payroll Deductions Less Than Election**, submitted annually by January 31 for the previous calendar year for Central State employees in compliance with Contract Section A.7.u.
19. **Other Reports**, as specified in this Contract.

**CONTRACT ATTACHMENT D****Service Level Agreement Scorecard**

Below is the SLA Scorecard and associated KPIs used to measure the Contractor's performance against the desired outcomes. KPIs shall be evaluated, scored, and reconciled quarterly via the SLA Scorecard with relevant documentation. Contractor must submit the SLA Scorecard each calendar quarter documenting the Contractor's outcome for each of the KPI for the previous quarter, in which services were delivered, as well as any At-Risk Performance Payment due (if applicable).

It is agreed by the State and the Contractor that any At-Risk Performance Payment assessed by the State shall be due and payable to the State within forty-five (45) calendar days after Contractor receipt of the Invoice containing an assessment of fees at risk. If payment is not made by the due date, the At-Risk Performance Payment amount may be withheld from future payments by the State without further notice.

Use the following for the quarterly calculations – the Contractor will fill in the Quarterly Score column for each individual KPI. If the individual KPI does not apply for the reported quarter, place 'n/a' in the Quarterly Score column. The total possible score will be adjusted accordingly. The State will calculate the Total Quarterly Score using the following formula: Quarterly Score divided by total possible quarterly score multiplied by 100%. The At Risk Performance Payment will be determined by this percentage (see table below).

KPI		Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
1.	Ongoing HSA set up	As required by Contract Section A.3.w, enrollment confirmation notices must be provided to employees within ten (10) days of successfully establishing their HSA	100%	99.5% or greater	10	
				98.0-99.4%	8	
				96.0-97.9%	6	
				Less than 96%	0	
2.	Ongoing FSA setup	As required by Contract Section A.4.f, enrollment confirmation notices must be provided to employees within ten (10) days of successfully establishing their FSA	100%	99.5% or greater	10	
				98.0-99.4%	8	
				96.0-97.9%	6	
				Less than 96%	0	
3.	Mailing of ongoing welcome packets and debit cards	Ninety-seven percent (97%) of ongoing welcome packets and debit cards shall be produced and mailed within ten (10) Business Days of member completion of the HSA and/or FSA enrollment/set-up process.	97%	97% or greater	10	
				95%-96.9%	6	
				Less than 95%	2	
4.	Card Adjudication Rates	At least eighty-five percent (85%) of all FSA debit card transactions each month shall automatically adjudicate (require no manual intervention).	85%	85% or greater	8	
				83-84.9%	6	
				82-83.9%	4	
				Less than 82%	0	
5.	Member online access	As required by Contract Section A.5, all members enrolled in a	99.5%	99.5% or greater	9	

KPI		Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
		HSA or flexible benefits program managed by the Contractor under this contract shall have online access to HSA and FSA account information 24 hours-a-day, seven days a week		98.0-99.4%	7	
				96.0-97.9%	5	
					Less than 96%	0
6.	Member Satisfaction Survey	The level of overall member satisfaction, as measured annually through the member satisfaction survey, shall be equal to or greater than eighty-five percent (85%) in the first year of the Contract, and shall be equal to or greater than ninety percent (90%) in all subsequent year(s) within the contract term.	85% in first year	85% or greater	10	
				83-84.9%	8	
				81-82.9%	2	
				Less than 81%	0	
			90% in years 2-5	90% or greater	10	
				88-89.9%	8	
				86-87.9%	2	
				Less than 86%	0	
7.	Eligibility Posting	One hundred percent (100%) of electronically transmitted enrollment updates, including the resolution of any errors identified during processing, shall be processed within four (4) business days of receipt of the weekly file as required in Contract Section A.14.e.iii.	100%	100%	9	
				98-99.9%	7	
				96-97.9%	5	
				94-95.9%	0	
8.	Eligibility Discrepancies	Resolve all eligibility discrepancies (any difference of values between the State's database and the Contractor's database) as identified within two (2) business day of notification by the State or identification by the Contractor, as required in Contract Section A.14.e.iv.	100%	100%	9	
				98.0-99.9%	7	
				96.0-97.9%	5	
				Less than 96%	0	
9.	Reporting	The Contractor shall distribute to the State all reports required in the Contract within the time frame and in the format specified in the Contract.	100%	100%	10	
				98-99.9%	8	
				96-97.9%	6	
				94-95.9%	0	
10.	Average Speed of	The Contractor's call center shall maintain an average		30 Sec. or less Avg.	10	

KPI	Description	Performance Requirement	Contractor Performance	Score if Met	Quarterly Score
Answer	speed of answer of 30 seconds.		31-35 Sec, Avg.	8	
			36-40 Sec Avg.	2	
			Greater than 40 Sec Avg.	0	
<b>Total Quarterly Score</b>					
<b>Calculated Performance Payment</b> (Quarterly Score divided by total possible quarterly score multiplied by 100%).					

Quarterly Score	At Risk Performance Payment
>=95%	0% of previous calendar quarter Administrative Fees paid by State to the Contractor (minus any monthly fee for custom investment slate, if applicable)
90.1-94.9%	1% of previous calendar quarter Administrative Fees paid by State to the Contractor (minus any monthly fee for custom investment slate, if applicable)
85-90%	2% of previous calendar quarter Administrative Fees paid by State to the Contractor (minus any monthly fee for custom investment slate, if applicable)
80-84.9%	2.5% of previous calendar quarter Administrative Fees paid by State to the Contractor (minus any monthly fee for custom investment slate, if applicable)
75-79.9%	3% of previous calendar quarter Administrative Fees paid by State to the Contractor (minus any monthly fee for custom investment slate, if applicable)
74.9% or below	3.5% of previous calendar quarter Administrative Fees paid by State to the Contractor (minus any monthly fee for custom investment slate, if applicable)

KPI	Description	Performance Requirement	At Risk Performance Payment
Unauthorized Usage of Information	Unless prior approved In Writing by the State, and in compliance with state and federal law, the Contractor shall not use information gained through this Contract, including but not limited to utilization and pricing information, in marketing or expanding non-State business relationships or for any pecuniary gain.	If Contractor uses data without prior State approval, In Writing.	\$25,000 per incident
Authorization of Member Communications	The Contactor shall not distribute any materials to Members prior approval by the State In Writing for the use of such materials.	If Contractor distributes materials without prior State approval, In Writing.	\$1,000 per incident

Timely Notification	Contractor shall notify the State, within three (3) Business Days of identification, about any situation that appears to negatively impact the administration or delivery of the program, plan, or benefits.	If Contractor fails to notify the State within three (3) Business Days	\$10,000 per incident
Call Center Responses	The Contractor shall have sufficient staff to respond to inquiries, correspondence, complaints, and problems related to all aspects of the services required in this contract.	If a Member contacts the State with an unresolved issue that they previously attempted to resolve with the Contractor.	\$1,000 per incident



**CONTRACT ATTACHMENT E**

**HIPAA BUSINESS ASSOCIATE AGREEMENT  
COMPLIANCE WITH PRIVACY AND SECURITY RULES**

THIS BUSINESS ASSOCIATE AGREEMENT (hereinafter "Agreement") is between **The State of Tennessee, Finance and Administration, Division of Benefits Administration** (hereinafter "Covered Entity") and \_\_\_\_\_ (hereinafter "Business Associate"). Covered Entity and Business Associate may be referred to herein individually as "Party" or collectively as "Parties."

**BACKGROUND**

Parties acknowledge that they are subject to the Privacy and Security Rules (45 CFR Parts 160 and 164) promulgated by the United States Department of Health and Human Services pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191 as amended by Public Law 111-5, Division A, Title XIII (the HITECH Act), in certain aspects of its operations.

Business Associate provides services to Covered Entity pursuant to one or more contractual relationships detailed below and hereinafter referred to as "Service Contracts."

**LIST OF AGREEMENTS AFFECTED BY THIS BUSINESS ASSOCIATE AGREEMENT:****Contract Name:****Execution Date:**

\_\_\_\_\_

\_\_\_\_\_

In the course of executing Service Contracts, Business Associate may come into contact with, use, or disclose Protected Health Information ("PHI"). Said Service Contract(s) are hereby incorporated by reference and shall be taken and considered as a part of this document the same as if fully set out herein.

In accordance with the federal privacy and security regulations set forth at 45 C.F.R. Part 160 and Part 164, Subparts A, C, D and E, which require Covered Entity to have a written memorandum with each of its Business Associates, the Parties wish to establish satisfactory assurances that Business Associate will appropriately safeguard PHI and, therefore, make this Agreement.

**DEFINITIONS**

Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in 45 CFR §§ 160.103, 164.103, 164.304, 164.402, 164.501, and 164.504.

- 1.1 "Breach of the Security of the [Business Associate's Information] System" shall have the meaning set out in its definition at T.C.A. § 47-18-2107
- 1.2 "Business Associate" shall have the meaning set out in its definition at 45 C.F.R. § 160.103.
- 1.3 "Covered Entity" shall have the meaning set out in its definition at 45 C.F.R. § 160.103.
- 1.4 "Designated Record Set" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.5 "Electronic Protected Health Information" shall have the meaning set out in its definition at 45 C.F.R. § 160.103.

- 1.6 "Genetic Information" shall have the meaning set out in its definition at 45 C.F.R. § 160.103.
- 1.7 "Health Care Operations" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.8 "Individual" shall have the same meaning as the term "individual" in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).
- 1.9 "Information Holder" shall have the meaning set out in its definition at T.C.A. § 47-18-2107
- 1.10 "Marketing" shall have the meaning set out in its definition at 45 C.F.R. § 164.501.
- 1.11 "Personal information" shall have the meaning set out in its definition at T.C.A. § 47-18-2107
- 1.12 "Privacy Official" shall have the meaning as set out in its definition at 45 C.F.R. § 164.530(a)(1).
- 1.13 "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, subparts A, and E.
- 1.14 "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- 1.15 "Required by Law" shall have the meaning set forth in 45 CFR § 164.512.
- 1.16 "Security Incident" shall have the meaning set out in its definition at 45 C.F.R. § 164.304.
- 1.17 "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Parts 160 and 164, Subparts A and C.

## **2. OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE (Privacy Rule)**

2.1 Business Associate is authorized to use PHI for the purposes of carrying out its duties under the Services Contract. In the course of carrying out these duties, including but not limited to carrying out the Covered Entity's duties under HIPAA, Business Associate shall fully comply with the requirements under the Privacy Rule applicable to "business associates," as that term is defined in the Privacy Rule and not use or further disclose PHI other than as permitted or required by this Agreement, the Service Contracts, or as Required By Law. Business Associate is subject to requirements of the Privacy Rule as required by Public Law 111-5, Section 13404 [designated as 42 U.S.C. 17934] In case of any conflict between this Agreement and the Service Contracts, this Agreement shall govern.

2.2 The Health Information Technology for Economic and Clinical Health Act (HITECH) was adopted as part of the American Recovery and Reinvestment Act of 2009. HITECH and its implementing regulations impose new requirements on Business Associates with respect to privacy, security, and breach notification. Business Associate hereby acknowledges and agrees that to the extent it is functioning as a Business Associate of Covered Entity, Business Associate shall comply with HITECH. Business Associate and the Covered Entity further agree that the provisions of HIPAA and HITECH that apply to business associates and that are required to be incorporated by reference in a business associate agreement have been incorporated into this Agreement between Business Associate and Covered Entity. Should any provision not be set forth specifically, it is as if set forth in this Agreement in its entirety and is effective as of the Applicable Effective Date, and as amended.

2.3 Business Associate shall use appropriate administrative, physical, and technical safeguards to prevent use or disclosure of PHI other than as provided for by this Agreement, Services Contract(s), or as Required By Law. This includes the implementation of Administrative, Physical, and Technical Safeguards to reasonably and appropriately protect the Covered Entity's PHI against any reasonably

anticipated threats or hazards, utilizing the technology commercially available to the Business Associate. The Business Associate shall maintain appropriate documentation of its compliance with the Privacy Rule, including, but not limited to, its policies, procedures, records of training and sanctions of members of its Workforce.

2.4 Business Associate shall require any agent, including a subcontractor, to whom it provides PHI received from, maintained, created or received by Business Associate on behalf of Covered Entity or that carries out any duties for the Business Associate involving the use, custody, disclosure, creation of, or access to PHI or other confidential information, to agree, by written contract with Business Associate, in accordance with 164.502(e)(1)(ii), ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of business associate agree to the same restrictions and conditions that apply to the business associate with respect to such information.

2.5 Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this Agreement.

2.6 Business Associate shall require its employees, agents, and subcontractors to promptly (up to 48 hours) report, to Business Associate, immediately upon becoming aware of any use or disclosure of PHI in violation of this Agreement. Business Associate shall report to Covered Entity any use or disclosure of the PHI not provided for by this Agreement. Business Associate will also provide additional information reasonably requested by the Covered Entity related to the breach.

2.7 As required by the Breach Notification Rule, Business Associate shall, and shall require its subcontractor(s) to, maintain systems to monitor and detect a Breach of Unsecured PHI, whether in paper or electronic form.

2.7.1 Business Associate shall provide to Covered Entity notice of a Potential or Actual Breach of Unsecured PHI immediately upon becoming aware of the Breach.

2.7.2 Business Associate shall cooperate with Covered Entity in timely providing the appropriate and necessary information to Covered Entity.

2.7.3 Covered Entity shall make the final determination whether the Breach requires notification and whether the notification shall be made by Covered Entity or Business Associate.

2.8 If Business Associate receives PHI from Covered Entity in a Designated Record Set, Business Associate shall provide access, at the request of Covered Entity, to PHI in a Designated Record Set to Covered Entity, in order to meet the requirements under 45 CFR § 164.524, provided that Business Associate shall have at least 30 Business Days from Covered Entity notice to provide access to, or deliver such information.

2.9 If Business Associate receives PHI from Covered Entity in a Designated Record Set, then Business Associate shall make any amendments to PHI in a Designated Record Set that the Covered Entity directs or agrees to pursuant to the 45 CFR § 164.526 at the request of Covered Entity or an Individual, and in the time and manner designated by Covered Entity, provided that Business Associate shall have at least 30 Business Days from Covered Entity notice to make an amendment.

2.10 Business Associate shall make its internal practices, books, and records including policies and procedures and PHI, relating to the use and disclosure of PHI received from, created by or received by Business Associate on behalf of, Covered Entity available to the Secretary of the United States Department of Health in Human Services or the Secretary's designee, in a time and manner designated by the Secretary, for purposes of determining Covered Entity's or Business Associate's compliance with the Privacy Rule.

2.11 Business Associate shall document disclosures of PHI and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosure of PHI in accordance with 45 CFR § 164.528.

2.12 Business Associate shall provide Covered Entity or an Individual, in time and manner designated by Covered Entity, information collected in accordance with this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528, provided that Business Associate shall have at least 30 Business Days from Covered Entity notice to provide access to, or deliver such information which shall include, at minimum, (a) date of the disclosure; (b) name of the third party to whom the PHI was disclosed and, if known, the address of the third party; (c) brief description of the disclosed information; and (d) brief explanation of the purpose and basis for such disclosure. Business Associate shall provide an accounting of disclosures directly to an individual when required by section 13405(c) of Public Law 111-5 [designated as 42 U.S.C. 17935(c)].

2.13 Business Associate agrees it must limit any use, disclosure, or request for use or disclosure of PHI to the minimum amount necessary to accomplish the intended purpose of the use, disclosure, or request in accordance with the requirements of the Privacy Rule.

- 2.13.1 Business Associate represents to Covered Entity that all its uses and disclosures of, or requests for, PHI shall be the minimum necessary in accordance with the Privacy Rule requirements.
- 2.13.2 Covered Entity may, pursuant to the Privacy Rule, reasonably rely on any requested disclosure as the minimum necessary for the stated purpose when the information is requested by Business Associate.
- 2.13.3 Business Associate acknowledges that if Business Associate is also a covered entity, as defined by the Privacy Rule, Business Associate is required, independent of Business Associate's obligations under this Memorandum, to comply with the Privacy Rule's minimum necessary requirements when making any request for PHI from Covered Entity.

2.14 Business Associate shall adequately and properly maintain all PHI received from, or created or received on behalf of, Covered Entity

2.15 If Business Associate receives a request from an Individual for a copy of the individual's PHI, and the PHI is in the sole possession of the Business Associate, Business Associate will provide the requested copies to the individual and notify the Covered Entity of such action. If Business Associate receives a request for PHI in the possession of the Covered Entity, or receives a request to exercise other individual rights as set forth in the Privacy Rule, Business Associate shall notify Covered Entity of such request and forward the request to Covered Entity. Business Associate shall then assist Covered Entity in responding to the request.

2.16 Business Associate shall fully cooperate in good faith with and to assist Covered Entity in complying with the requirements of the Privacy Rule.

### **3 OBLIGATIONS AND ACTIVITIES OF BUSINESS ASSOCIATE (Security Rule)**

3.1 Business Associate shall fully comply with the requirements under the Security Rule applicable to "business associates," as that term is defined in the Security Rule. In case of any conflict between this Agreement and Service Agreements, this Agreement shall govern.

3.2 Business Associate shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits on behalf of the covered entity as required by the Security Rule and Public Law 111-5. This includes specifically, but is not limited to, the utilization of technology commercially available at the time to the Business Associate to protect the Covered Entity's PHI against any reasonably anticipated threats or hazards. The Business Associate understands that it has an affirmative duty to perform a regular review or assessment of security risks, conduct active risk management and supply best efforts to assure that only authorized persons and devices access its computing systems and information storage, and that only authorized transactions are allowed. The

Business Associate will maintain appropriate documentation to certify its compliance with the Security Rule.

3.3 Business Associate shall ensure that any agent, including a subcontractor, to whom it provides electronic PHI received from or created for Covered Entity or that carries out any duties for the Business Associate involving the use, custody, disclosure, creation of, or access to PHI supplied by Covered Entity, to agree, by written contract (or the appropriate equivalent if the agent is a government entity) with Business Associate, in accordance with 164.502(e)(1)(ii), ensure that any subcontractors that create, receive, maintain, or transmit protected health information on behalf of business associate agree to the same restrictions and conditions that apply to the business associate with respect to such information.

3.4 Business Associate shall require its employees, agents, and subcontractors to report to Business Associate within five (5) Business Days, any Security Incident (as that term is defined in 45 CFR § 164.304) of which it becomes aware. 45 CFR 164.314(a)(2)(C) requires that business associate shall report to the covered entity any security incident of which it becomes aware, including breaches of unsecured protected health information as required by 164.410. Business Associate shall promptly (up to 48 hours) report any Security Incident of which it becomes aware to Covered Entity. Provided however, that such reports are not required for attempted, unsuccessful Security Incidents, including trivial and routine incidents such as port scans, attempts to log-in with an invalid password or user name, denial of service attacks that do not result in a server being taken off-line, malware, and pings or other similar types of events.

3.5 Business Associate shall make its internal practices, books, and records including policies and procedures relating to the security of electronic PHI received from, created by or received by Business Associate on behalf of, Covered Entity available to the Secretary of the United States Department of Health in Human Services or the Secretary's designee, in a time and manner designated by the Secretary, for purposes of determining Covered Entity's or Business Associate's compliance with the Security Rule.

3.6 Business Associate shall fully cooperate in good faith with and to assist Covered Entity in complying with the requirements of the Security Rule.

3.7 Notification for the purposes of Sections 2.8 and 3.4 shall be in writing made by email/fax, certified mail or overnight parcel immediately upon becoming aware of the event, with supplemental notification by facsimile and/or telephone as soon as practicable, to:

State of Tennessee  
Benefits Administration  
Attn: Chanda Rainey  
HIPAA Privacy & Security Officer  
312 Rosa L. Parks Avenue  
1900 W.R.S. Tennessee Towers  
Nashville, TN 37243-1102  
Phone: (615) 770-6949  
Facsimile: (615) 253-8556

With a copy to:

State of Tennessee  
Benefits Administration  
Contracting and Procurement Manager  
312 Rosa L. Parks Avenue  
1900 W.R.S. Tennessee Towers  
Nashville, TN 37243-1102  
Phone: (615) 532-4598  
Facsimile: (615) 253-8556

3.8 Business Associate identifies the following key contact persons for all matters relating to this Agreement:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Business Associate shall notify Covered Entity of any change in the key contact during the term of this Agreement in writing within ten (10) Business Days.

**4. PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE**

4.1 Except as otherwise limited in this Agreement, Business Associate may use or disclose PHI to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in Service Contract(s), provided that such use or disclosure would not violate the Privacy and Security Rule, if done by Covered Entity. Business Associate’s disclosure of PHI shall be subject to the limited data set and minimum necessary requirements of Section 13405(b) of Public Law 111-5, [designated as 42 U.S.C. 13735(b)]

4.2 Except as otherwise limited in this Agreement, Business Associate may use PHI as required for Business Associate's proper management and administration or to carry out the legal responsibilities of the Business Associate.

4.3 Except as otherwise limited in this Agreement, Business Associate may disclose PHI for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or provided that, if Business Associate discloses any PHI to a third party for such a purpose, Business Associate shall enter into a written agreement with such third party requiring the third party to: (a) maintain the confidentiality, integrity, and availability of PHI and not to use or further disclose such information except as Required By Law or for the purpose for which it was disclosed, and (b) notify Business Associate of any instances in which it becomes aware in which the confidentiality, integrity, and/or availability of the PHI is breached immediately upon becoming aware.

4.4 Except as otherwise limited in this Agreement, Business Associate may use PHI to provide data aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B).

4.5 Business Associate may use PHI to report violations of law to appropriate Federal and State Authorities consistent with 45 CFR 164.502(j)(1).

4.6 Business Associate shall not use or disclose PHI that is Genetic Information for underwriting purposes. Moreover, the sale, marketing or the sharing for commercial use or any purpose construed by Covered Entity as the sale, marketing or commercial use of member’s personal or financial information with affiliates, even if such sharing would be permitted by federal or state laws, is prohibited.

4.7 Business Associate shall enter into written agreements that are substantially similar to this Business Associate Agreement with any subcontractor or agent which Business Associate provides access to Protected Health Information.

4.8 Business Associates shall implement and maintain information security policies that comply with the HIPAA Security Rule.

**5. OBLIGATIONS OF COVERED ENTITY**

5.1 Covered Entity shall provide Business Associate with the Notice of Privacy Practices that Covered Entity produces in accordance with 45 CFR § 164.520, as well as any changes to such notice. Covered Entity shall notify Business Associate of any limitations in its notice that affect Business Associate's use or disclosure of PHI.

5.2 Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by an Individual to use or disclose PHI, if such changes affect Business Associate's permitted or required uses.

5.3 Covered Entity shall notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use of PHI.

## **6. PERMISSIBLE REQUESTS BY COVERED ENTITY**

6.1 Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy or Security Rule, if done by Covered Entity.

## **7. TERM AND TERMINATION**

7.1 Term. This Agreement shall be effective as of the date on which it is signed by both parties and shall terminate when all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy PHI, Section 7.3. below shall apply.

### **7.2 Termination for Cause.**

7.2.1. This Agreement authorizes and Business Associate acknowledges and agrees Covered Entity shall have the right to immediately terminate this Agreement and Service Contracts in the event Business Associate fails to comply with, or violates a material provision of, requirements of the Privacy and/or Security Rule or this Memorandum.

7.2.2. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

7.2.2.1. Provide a reasonable opportunity for Business Associate to cure the breach or end the violation, or

7.2.2.2. If Business Associate has breached a material term of this Agreement and cure is not possible or if Business Associate does not cure a curable breach or end the violation within a reasonable time as specified by, and at the sole discretion of, Covered Entity, Covered Entity may immediately terminate this Agreement and the Service Agreement.

7.2.2.3. If neither cure nor termination is feasible, Covered Entity shall report the violation to the Secretary of the United States Department of Health in Human Services or the Secretary's designee.

### **7.3 Effect of Termination.**

7.3.1. Except as provided in Section 7.3.2. below, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of, Covered Entity. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.

- 7.3.2. In the event that Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction unfeasible. Upon mutual agreement of the Parties that return or destruction of PHI is unfeasible, Business Associate shall extend the protections of this Memorandum to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction unfeasible, for so long as Business Associate maintains such PHI.

## 8. MISCELLANEOUS

8.1 Regulatory Reference. A reference in this Agreement to a section in the Privacy and or Security Rule means the section as in effect or as amended.

8.2 Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Rules and the Health Insurance Portability and Accountability Act, Public Law 104-191, including any amendments required by the United States Department of Health and Human Services to implement the Health Information Technology for Economic and Clinical Health and related regulations upon the effective date of such amendment, regardless of whether this Agreement has been formally amended, including, but not limited to changes required by the American Recovery and Reinvestment Act of 2009, Public Law 111-5.

8.3 Survival. The respective rights and obligations of Business Associate under Section 7.3. of this Memorandum shall survive the termination of this Agreement.

8.4 Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity and the Business Associate to comply with the Privacy and Security Rules.

8.5 Notices and Communications. All instructions, notices, consents, demands, or other communications required or contemplated by this Agreement shall be in writing and shall be delivered by hand, by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below, or to such other party, facsimile number, or address as may be hereafter specified by written notice.

COVERED ENTITY:  
 State of Tennessee  
 Department of Finance and Administration  
 Benefits Administration  
 ATTN: Chanda Rainey  
 HIPAA Privacy & Security Officer  
 312 Rosa L. Parks Avenue  
 1900 W.R.S. Tennessee Towers  
 Nashville, TN 37243-1102  
 Phone: (615) 770-6949  
 Facsimile: (615) 253-8556  
 E-Mail: [benefits.privacy@tn.gov](mailto:benefits.privacy@tn.gov)

BUSINESS ASSOCIATE:

With a copy to:  
 ATTN: Seannalyn Brandmeir  
 Procurements & Contracting Manager  
 At the address listed above  
 Phone: (615) 532-4598  
 Facsimile: (615) 253-8556  
 E-Mail: [seannalyn.brandmeir@tn.gov](mailto:seannalyn.brandmeir@tn.gov)



All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the date of hand delivery; as of the date specified for overnight courier service delivery; as of three (3) Business Days after the date of mailing; or on the day the facsimile transmission is received mechanically by the facsimile machine at the receiving location and receipt is verbally confirmed by the sender.

8.6 Strict Compliance. No failure by any Party to insist upon strict compliance with any term or provision of this Agreement, to exercise any option, to enforce any right, or to seek any remedy upon any default of any other Party shall affect, or constitute a waiver of, any Party's right to insist upon such strict compliance, exercise that option, enforce that right, or seek that remedy with respect to that default or any prior, contemporaneous, or subsequent default. No custom or practice of the Parties at variance with any provision of this Agreement shall affect, or constitute a waiver of, any Party's right to demand strict compliance with all provisions of this Agreement

8.7 Severability. With respect to any provision of this Agreement finally determined by a court of competent jurisdiction to be unenforceable, such court shall have jurisdiction to reform such provision so that it is enforceable to the maximum extent permitted by applicable law, and the Parties shall abide by such court's determination. In the event that any provision of this Agreement cannot be reformed, such provision shall be deemed to be severed from this Agreement, but every other provision of this Agreement shall remain in full force and effect.

8.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee except to the extent that Tennessee law has been pre-empted by HIPAA.

8.9 Compensation. There shall be **no** remuneration for performance under this Agreement except as specifically provided by, in, and through, existing administrative requirements of Tennessee State government and services contracts referenced herein.

8.10 Security Breach A violation of HIPAA or the Privacy or Security Rules constitutes a breach of this Business Associate Agreement and a breach of the Service Contract(s) listed on page one of this agreement, and shall be subject to all available remedies for such breach.

**IN WITNESS WHEREOF,**

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**CONTRACTOR NAME**

**Date:**

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**Stuart C. McWhorter, Commissioner of Finance & Administration**

**Date:**