

SERIAL 02091 RFP FLEXIBLE SPENDING ACCOUNT (MSA) ADMINISTRATOR

DATE OF LAST REVISION: March 13, 2008 CONTRACT END DATE: June 30, 2009

JUNE 30, 2008 2009
CONTRACT PERIOD THROUGH ~~NOVEMBER 30, 2005-2007~~

TO: All Departments
FROM: Department of Materials Management
SUBJECT: Contract for **FLEXIBLE SPENDING ACCOUNT (MSA) ADMINISTRATOR**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **November 20, 2002**.

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.

Wes Baysinger, Director
Materials Management

SD/mm
Attach

Copy to: Clerk of the Board
Amy Girardo, Buck Consulting
Pat Vancil, Employee Benefits
Materials Management

(Please remove Serial 98154-RFP from your contract notebooks)



CONTRACT FOR SERVICES PURSUANT TO RFP FLEXIBLE SPENDING ACCOUNT (MSA) ADMINISTRATOR

This Contract is entered into this 20th day of November, 2002 by and between Maricopa County (“County”), a political subdivision of the State of Arizona, and APPLICATION SOFTWARE INC. (ASI), an Missouri corporation (“Contractor”) for the purchase of Flexible Spending Account (MSA) Administration services.

1.0 TERM

- 1.1 This Contract is for a term of three (3) years, beginning on the 1st day December, 2002 and ending the 30th day of ~~November~~ **June, 2005 2007 2008 2009**.
- 1.2 The County may, at its option and with the agreement of the Contractor, extend the period of this Contract for additional one (1) year terms up to a maximum of two (2) additional terms. The County shall notify the Contractor in writing of its intent to extend the Contract period at least thirty (30) calendar days prior to the expiration of the original contract period, or any additional term thereafter.

2.0 PAYMENT

- 2.1 As consideration for performance of the duties described herein, County shall pay Contractor the sum stated in Final Pricing, attached hereto and incorporated herein as Exhibit “A.” Payment shall be made as set forth in the RFP and or the Best and Final Offer.
- 2.2 Payment under this Contract shall be made in the manner provided by law. Invoices shall be prepared and submitted in accordance with the instructions provided on the purchase order. Invoices shall contain the following information: contract number purchase order number, description of services, unit prices, and extended totals and applicable sales/use tax. The County is not subject to excise tax.

3.0 DUTIES

- 3.1 The Contractor shall perform all duties stated in the Agreed Scope of Work, attached hereto and incorporated herein as Exhibit “B.”

4.0 TERMS & CONDITIONS

4.1 INDEMNIFICATION AND INSURANCE:

4.1.1 Indemnification.

To the fullest extent permitted by law, Contractor shall defend, indemnify, and hold harmless the County, its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses and expenses, including but not limited to attorney fees and costs, relating to this Contract.

The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

The scope of this indemnification does not extend to the negligence of the County.

4.1.2 Insurance Requirements.

Contractor, at its own expense, shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rating of B++6, or approved unlicensed companies in the State of Arizona with policies and forms satisfactory to the County.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of the County, constitute a material breach of this Contract.

The Contractor's insurance shall be primary insurance as respects the County, and any insurance or self-insurance maintained by the County shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the County.

The Contractor shall be solely responsible for the deductible and/or self-insured retention and the County, at its option, may require the Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

The County reserves the right to request and to receive, within ten (10) working days, certified copies of any or all of the herein required insurance policies and/or endorsements. The County shall not be obligated, however, to review such policies and/or endorsements or to advise Contractor of any deficiencies in such policies and endorsements, and such receipt shall not relieve Contractor from, or be deemed a waiver of the County's right to insist on strict fulfillment of Contractor's obligations under this Contract.

The insurance policies required by this Contract, except Workers' Compensation, shall name the County, its agents, representatives, officers, directors, officials and employees as Additional Insureds.

The insurance policies required hereunder, except Workers' Compensation, shall contain a waiver of transfer of rights of recovery (subrogation) against the County, its agents, representatives, officers, directors, officials and employees for any claims arising out of Contractor's work or service.

4.1.2.1 Commercial General Liability. Contractor shall maintain Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence with a \$2,000,000 Products/Completed Operations Aggregate and a \$2,000,000 General Aggregate Limit. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 00 01 10 93 or any replacements thereof.

The policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision which would serve to limit third party action over claims.

The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc.'s Additional Insured, Form CG 20 10 11 85, and shall include coverage for Contractor's operations and products and completed operations.

If the Contractor subcontracts any part of the work, services or operations awarded to the Contractor, Contractor shall purchase and maintain, at all times during prosecution of the work, services or operations under this Contract, an Owner's and Contractor's Protective Liability insurance policy for bodily injury and property damage, including death, which may arise in the performance of the Contractor's work, service or operations under this Contract. Coverage shall be on an occurrence basis with a limit not less than \$1,000,000 per occurrence, and the policy shall be issued by the same insurance company that issues the Contractor's Commercial General Liability insurance.

4.1.2.2 *Automobile Liability.* Contractor shall maintain Automobile Liability insurance with an individual single limit for bodily injury and property damage of no less than \$1,000,000, each occurrence, with respect to Contractor's vehicles (whether owned, hired, non-owned), assigned to or used in the performance of this Contract.

4.1.2.3 *Workers' Compensation.* The Contractor shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services, as well as Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee, and \$1,000,000 disease policy limit.

If any work is subcontracted, the Contractor will require Subcontractor to provide Workers' Compensation and Employer's Liability insurance to at least the same extent as required of the Contractor.

4.1.3 Certificates of Insurance.

4.1.3.1 Prior to commencing work or services under this Contract, Contractor shall have insurance in effect as required by the Contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required coverage, conditions and limits required by this Contract are in full force and effect. Such certificates shall be made available to the County upon 48 hours notice. **BY SIGNING THE AGREEMENT PAGE THE CONTRACTOR AGREES TO THIS REQUIREMENT AND FAILURE TO MEET THIS REQUIREMENT WILL RESULT IN CANCELLATION OF CONTRACT.**

If a policy does expire during the life of the Contract, a renewal certificate must be sent to the County fifteen (15) days prior to the expiration date.

4.1.4 Cancellation and Expiration Notice.

Insurance required herein shall not be permitted to expire, be canceled, or materially changed without thirty (30) days prior written notice to the County.

4.2 NOTICES:

All notices given pursuant to the terms of this Contract shall be addressed to:

For County:

Maricopa County
Department of Materials Management
Attn: Director of Purchasing
320 West Lincoln Street
Phoenix, Arizona

For Contractor:
Application Software Inc. (ASI)
Attn: John M. Riddick
110 East Ash Street
Columbia, MO 65205-6044

4.3 REQUIREMENTS CONTRACT:

Contractor signifies its understanding and agreement by signing this document, that this Contract is a requirements contract. This Contract does not guarantee any purchases will be made. Orders will only be placed when County identifies a need.

Contractor shall take no action under this Contract unless specifically requested by County, which shall submit a written purchase order to Contractor requesting that services be performed.

County reserves the right to cancel purchase orders within a reasonable period of time after issuance. Should a purchase order be canceled, the County agrees to reimburse the Contractor for actual and documented costs incurred by the Contractor pursuant to the purchase order. The County will not reimburse the Contractor for any costs incurred after receipt of cancellation, or for lost profits, or shipment of product or performance of services prior to issuance of a purchase order.

Contractor agrees to accept verbal cancellation of purchase orders.

4.4 ESCALATION:

Any requests for reasonable price adjustments must be submitted thirty (30) days prior to the Contract expiration date. Requests for adjustment in cost of labor and/or materials must be supported by appropriate documentation. If County agrees to the adjusted price terms, County shall issue written approval of the change. The reasonableness of the request will be determined by comparing the request with the Producer Price Index or by performing a market survey.

4.5 TERMINATION:

County may unconditionally terminate this Contract for convenience by providing thirty (30) calendar days advance notice to the Contractor.

County may terminate this Contract if Contractor fails to pay any charge when due or fails to perform or observe any other material term or condition of the Contract, and such failure continues for more than ten (10) days after receipt of written notice of such failure from County, or if Contractor becomes insolvent or generally fails to pay its debts as they mature.

4.6 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST:

Notice is given that pursuant to A.R.S. § 38-511 the County may cancel this Contract without penalty or further obligation within three years after execution of the contract, if any person

significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County is at any time while the Contract or any extension of the Contract is in effect, an employee or agent of any other party to the Contract in any capacity or consultant to any other party of the Contract with respect to the subject matter of the Contract. Additionally, pursuant to A.R.S § 38-511 the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the County from any other party to the contract arising as the result of the Contract.

4.7 OFFSET FOR DAMAGES;

In addition to all other remedies at law or equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance under this contract.

4.8 ADDITIONS/DELETIONS OF SERVICE:

The County reserves the right to add and/or delete products and/or services provided under this Contract. If a requirement is deleted, payment to the Contractor will be reduced proportionately to the amount of service reduced in accordance with the bid price. If additional services and/or products are required from this Contract, prices for such additions will be negotiated between the Contractor and the County.

4.9 SUBCONTRACTING:

The Contractor may not assign this Contract or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County, which shall not be unreasonably withheld. All correspondence authorizing subcontracting must reference the Bid Serial Number and identify the job project.

4.10 AMENDMENTS:

All amendments to this Contract must be in writing and signed by both parties.

4.11 RETENTION OF RECORDS:

The Contractor agrees to retain all financial books, records, and other documents relevant to this Contract for five (5) years after final payment or until after the resolution of any audit questions which could be more than five (5) years, whichever is longer. The County, Federal or State auditors and any other persons duly authorized by the Department shall have full access to, and the right to examine, copy and make use of, any and all said materials.

If the Contractor's books, records and other documents relevant to this Contract are not sufficient to support and document that requested services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

4.12 AUDIT DISALLOWANCES:

If at any time County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

4.13 VALIDITY:

The invalidity, in whole or in part, of any provision of the Contract shall not void or affect the validity of any other provision of this Contract.

4.14 RIGHTS IN DATA:

The County shall have the use of data and reports resulting from this Contract without additional cost or other restriction except as provided by law. Each party shall supply to the other party, upon request, any available information that is relevant to this Contract and to the performance hereunder.

4.15 INTEGRATION

This Contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, bids, communications, understandings, representations, or agreements, whether oral or written, express or implied.

IN WITNESS WHEREOF, this Contract is executed on the date set forth above.

CONTRACTOR

AUTHORIZED SIGNATURE

PRINTED NAME AND TITLE

ADDRESS

DATE

MARICOPA COUNTY

BY: _____
DIRECTOR, MATERIALS MANAGEMENT

DATE

BY: _____
CHAIRMAN, BOARD OF SUPERVISORS

DATE

ATTESTED:

CLERK OF THE BOARD

DATE

APPROVED AS TO FORM:

MARICOPA COUNTY ATTORNEY

DATE

APPLICATION SOFTWARE INC., PO BOX 6044, COLUMBIA, MO 65205-6044
110 E ASH STREET, COLUMBIA, MO 65203

SERIAL 02091-RFP
 PRICING SHEET NIGP CODE 9616202

BIDDER NAME: Application Software, Inc.
 F.I.D./VENDOR #: W000003178 X
 BIDDER ADDRESS: ~~110 East Ash Street Columbia MO 65201~~
 P.O. ADDRESS: P. O. Box 6044 Columbia, MO 65205-6044
 BIDDER PHONE #: (800) 659-3035
 BIDDER FAX #: ~~(573) 874 0425~~ 573/499-1840
 COMPANY WEB SITE: www.asiflex.com
 COMPANY CONTACT (REP): John M. Riddick
 E-MAIL ADDRESS (REP): jriddick@asiflex.com

WILLING TO ACCEPT FUTURE SOLICITATIONS VIA EMAIL: YES NO

OTHER GOV'T. AGENCIES MAY USE THIS CONTRACT: YES NO

TERMS NET 30

INDICATE PERCENTAGE OF M/WBE PARTICIPATION IF ANY HERE: 0%

1.0 PRICING:

- 1.1 FSA Claim Administration:
 Rate per month per account participant:

	Rate Guarantee			Maximum Rate Increase (not to exceed rate)	
	Year 1 (1/1/2003 - 12/31/2003)	Year 2 (1/1/2004 - 12/31/2004)	Year 3 (1/1/2005 - 12/31/2005)	Year 4 (1/1/2006 - 12/31/2006)	Year 5 (1/1/2007 - 12/31/2007)
1.1.1 Health Care Account	\$2.90	\$2.90	\$2.90	0.00%	0.00%
1.1.2 Dependent Care Account	\$2.90	\$2.90	\$2.90	0.00%	0.00%
1.1.3 If an employee has both a health care account and dependent care account how much would the monthly fee be?	\$2.90	\$2.90	\$2.90	0.00%	0.00%
1.1.4 What if any separate fees, set-up, pass through, debit card, or other expenses, are there in addition to the monthly	<u>Item</u>	<u>Fee</u>	<u>Payment Period</u>		

Scope of Work
EXHIBIT B 02091-RFP
Flexible Spending Account Administrator (MSA)

1. Flexible Spending Account Administrator (FSA) will manage a flexible spending account program in accordance with IRC Sections 105 and 129 for Maricopa County that include the administration of a) Health Care Accounts and b) Dependent Care Accounts. The maximum salary reduction for the Health Care Account is \$5,200 and for the Dependent Care Account is \$5,000. This includes enrollment, claims processing, reimbursement, reporting, reconciliation, annual discrimination testing at the beginning of the plan year, providing collateral, and year-end statement balancing.

ENROLLMENT/ELIGIBILITY:

2. FSA agrees to all eligibility and enrollment rules as defined by Maricopa County. This includes regular, contracted and plan participants electing to continue FSA reimbursements accounts under COBRA through the end of the benefit year.
3. FSA agrees to receive paper forms or electronic data. In addition, electronic eligibility data will be provided to the County in a specified County format as requested. Initial County open enrollment data will be loaded in the computer system within one business day of receipt and verify that elections fall within plan guidelines.
4. Process adjustments/corrections to the County's eligibility/enrollment data within 5 calendar days following the County's review and response from the FSA's reconciliation/exception report, which is County specific.

OPEN ENROLLMENT:

5. FSA Account Manager will be onsite one week during the annual Open Enrollment as defined by Maricopa County. FSA will incur all the expenses.

CUSTOMER SERVICE & OPERATIONAL:

6. All customer service representatives shall have access to participant records and the training to assist participants with questions regarding account balances, deposits, reimbursements, claims, eligible expenses, payroll contributions, payments, denials, web access, pended claims, and general questions concerning qualifying expenses and claims procedures. The Provider's customer service line will be toll free and available from 7:00 a.m. until 7:00 p.m. Central Time. These hours may be extended. Provider will make available at least one Spanish speaking person on staff. All calls to Provider's office will be answered by a live person, not a machine
7. Complaints that cannot be handled by customer service staff will be escalated to management and either solved during a phone call or addressed in writing. Appeals filed with Provider will be initially reviewed by a reviewer other than the individual who originally reviewed the claim and other than the individual who performed the second review at the time of the denial. If the claim is not resolved in favor of the participant, then a member of Provider's management will review the claim. The claim will then be either paid or returned to the participant with an explanation of denial. All appeals will be processed within one business day of receipt unless outside research is required. If outside research is required, this research will be initiated within one business day. The claim will be resolved within one day of the receipt of the necessary outside information.
8. FSA will provide online access/self-service capabilities where employee can inquire about his/her account through a secured web site, which is accessible with a personal identification number. In addition, this web site will allow research regarding qualifying expenses and links to various IRS publications.

9. FSA must maintain and update electronic database of all participants' FSA accounts including but not limited to participants names, employee identification number, social security number or other identifier, addresses, etc., needed to administer the claims payments, maintain complete history, and report to the County, Federal and State regulatory bodies as may be necessary or required.
10. FSA will issue checks and direct deposits to participants drawn on their own disbursement account. FSA will issue debits for the total of each day's payments for health care and the total of each day's payments for dependent care against the account owned by the County through the ACH system. It is the County's responsibility to maintain sufficient funds to cover each day's reimbursements. Each day, FSA will send an e-mail message over the Internet to personnel designated by the County listing the debit amounts from the County's account effective the following day. This procedure provides the County the opportunity to maintain control over its funds until they are disbursed, but eliminates the need for daily intervention by the County's personnel in the reimbursement process. FSA is responsible for reconciling the disbursement account.
11. Should a participant report an overpayment which is a voluntary self-reporting activity FSA will offer participants two options of making up the overpayment. If the participant has remaining funds for the plan year and will be filing additional claims sufficient to cover the overpayment, then the participant can subtract the previous overpayment from any new payments. Participants will also be able to reimburse the plan for overpayments. FSA will guarantee to make up any overpayments made due to errors that are not subsequently collected from the participant.

COMMUNICATION PLAN/COLLATERAL MATERIALS:

12. FSA will include the cost of printing up to 4,000 books each year or one for every current participant plus 20%, whichever is greater.
13. FSA will work with Maricopa County to design a communication plan for open enrollment and ongoing communications. This will include but is not limited to posters, a PowerPoint presentation to use during open enrollment, payroll stuffers, flyers, welcome letters, etc. In addition, any communication materials developed by Maricopa County will be reviewed and edited by the FSA.
14. FSA will send each plan participant a confirmation kit. This will include a confirmation letter, claim forms, web inquiry instruction sheet, a direct deposit/email sign-up form, clear claim filing instructions (on the back of each claim form), and graphic examples of valid documentation and claim forms (on the back of confirmation letter). All costs for developing, reproducing and mailing will be incurred by the FSA.

LEGAL/REGULATORY:

15. In accordance with HIPAA, FSA will send out Privacy Notices to each plan participant by April 14, 2003. All cost for developing, reproducing and mailing will be incurred by the FSA. This notice will describe the potential uses and disclosures of Protected Health Information (PHI) plan participant rights, and FSA's legal duties with respect to PHI. All notices must be provided to the plan participant at specified times and upon request which includes a) By April 14, 2003 for current plan participants; b) At time of enrollment if after April 14, 2003; and c) Within 60 days after material change in notice. A sample notice will be sent to Maricopa County by March 31, 2002.

CLAIMS PROCESSING:

16. FSA will process claims within one banking day, to the extent funds are available in the account. Claims processing will continue through March 31 after year-end to accommodate the claims lag for the previous year.
 - Turnaround time will be defined as the time from FSA's receipt of a claim until it is processed for payment and/or a denial letter is sent to the participant. Health care claims will be paid on the day

processed. Dependent care claims will be paid on the day processed to the extent the participant has available funds. The balance will be pended until funds are available. Claim payment turnaround time will be one banking day. All claims will be processed within one banking day of receipt.

- Financial accuracy will be measured by comparing the dollar amount of claims processed with the correct dollar amount of claims processed.
- Payment accuracy will be measured by comparing the dollar amount of claims paid with the correct payment amount.
- Process clean claims with 98% accuracy within one banking day of receipt by vendor.
- Notify employees via Explanation of Benefits (EOB) within one banking day of approved, denied or pending status of claims. Provide for the retention of pending claims materials that are waiting for either future salary reduction needed to fund dependent care expenses or for the return of information requested and needed to complete claim instead of sending back all claim material to employee. The explanation of benefits reimbursement notification will include the payment amount, balance or remaining annual election amount, total claimed year-to-date, total contributed year-to-date, total paid year-to-date, and pended claims will be printed either on the check stub or, in the case of ACH reimbursement, on a separate statement.
- Mail or otherwise distribute, such as, through direct deposit, claims payment drafts showing partial, full, and/or pended payments to all participants after appropriate adjudication. Any remaining pended requests must be carried in the system as outstanding requests and paid as funds are subsequently contributed unless the annual account maximum has been exhausted.
- If plan participant chooses direct deposit, FSA will email or send U.S. mail informing the participant each time a deposit is made.
- Allow the County or their designee to conduct an audit of claims activity to determine if accuracy levels were reached.

REPORTING:

17. FSA agrees to conduct a County-specific member satisfaction survey beginning on a mutually agreeable date. Executive summary and report to be tabulated and provided to the County or designated agent.
18. FSA will deliver all reports listed below by the 15th calendar day following the reporting period and must be County specific reporting:
 - Number of claims received and/or processed, EOBs, other member statements produced quarterly.
 - Weekly report of claims paid for reserve and analysis.
 - Per pay period reports of exceptions to Maricopa County's eligibility files.
 - Weekly paid claims listing.
 - Monthly outstanding checks listing.
 - Monthly fund transfers and amounts.
 - Quarterly claims turn-around time reports.

- Year-end account balances in deficit or surplus status.
- Claims quality results each quarter.
- Quarterly and year-end statements to employees of account activity and balance.

FUTURE ENHANCEMENTS:

19. In the future, FSA will provide employer summary data online through a secured web site and will make this available to Maricopa County at no cost.
20. In the future, should Maricopa County desire to add services for commuter benefits or debit cards for the FSA account they may do so under this contract if the services are provided by the FSA.

APPLICATION SOFTWARE INC., PO BOX 6044, COLUMBIA, MO 65205-6044
110 E ASH STREET, COLUMBIA, MO 65203

PRICING SHEET NIGP CODE 9616202

Terms: NET 30

Vendor Number: **W000003178 X**

Telephone Number: 800/659-3035

Fax Number: ~~573/874-0425~~ **573/499-1840**

Contact Person: John Riddick

E-mail Address: ~~j.riddick~~ asi@asiflex.com

Company Web Site: www.asiflex.com

Certificates of Insurance Required

Contract Period: To cover the period ending ~~November 30, 2005-2007~~ **June 30, 2008 2009.**