

ADDENDUM NUMBER TWO

THE UNIVERSITY OF NEW MEXICO HOSPITALS

Purchasing Department
933 Bradbury Dr. SE Ste 3165
Albuquerque, New Mexico 87106

Date: July 15, 2016

Proposal Number: P351-16

Name of Procurement Specialist: Tarah Santana

Due Date: July 25, 2016 @ 2:00 pm MDT

Notice to all respondents:

Amend the Proposal: P351-16 Employee Benefits Consulting Services and Employee Retirement Benefits Consulting Services

This **addendum** becomes part of the Proposal Documents and **modifies**, as noted below, the original Bidding Documents. **THE FOLLOWING PROVISIONS OF THE ABOVE-REFERENCED RFP ARE AMENDED AS FOLLOWS:**

1. The following sections will be amended as follows:
 - 1.1 Section 6.6 is removed in its entirety and replaced with the following language:

“SAMPLE AGREEMENT: The successful respondent will be required to enter into an Agreement with the Regents of the University of New Mexico, for its public operation known as University of New Mexico Hospitals.”
 - 1.2 Page 11, Section 5.1.3 is removed in its entirety.
 - 1.3 Page 12, Section 5.2.2 is removed in its entirety.
2. EXHIBIT I Business Associate Addendum should read EXHIBIT F to be in subsequent order with the table contents.
3. Written responses to clarification questions are addressed below:

Question 1: Please provide the 403(b) plan assets separately for UNMH and SRMC?

UNMH Response to Question 1: The UNMH 403(b) plan assets were approximately Two Hundred Ninety Four Million (\$294) as of Quarter 1 - 2016. The SRMC's response will be forthcoming in a separate addendum.

Question 2 Please provide the plan assets and current provider for the 401(a) plan (separately for UNMH and SRMC)

UNMH Response to Question 2: The UNMH 401(a) plan assets were approximately Two Million Seven Hundred Thousand (\$2.7) as of Quarter as of Quarter 1 - 2016. The SRMC's response will be forthcoming in a separate addendum.

Question 3 How are your federal and state retirement compliance questions and guidance currently provided by your current retirement consultant?

UNMH Response to Question 3: The current retirement consultant provides federal and state retirement compliance questions and guidance approximately two (2) times a year and they are updated as needed throughout the year.

Question 4 Your scope included request for templates and plan document creations (page 10 section 4.2.3.), please elaborate on these requested services and what your current consultant provides today.

UNMH Response to Question 4: Per Section 4.2.3, the expectations are that any plan design changes to the Retirement Plans would include preparation of plan Amendments and Board Resolutions.

Question 5 Regarding resident business is it sufficient to complete Exhibit B, or should we also include documentation?

UNMH Response to Question 5: Pursuant to Section 6.10. To receive a resident business preference pursuant to Section 13-1-21 NMSA 1978 or a resident contractor preference pursuant to 13-4-2 NMSA 1978, a business or contractor **is required to submit with its bid or proposal a copy of a valid resident contractor certificate issued by the New Mexico Taxation and Revenue Department.**

Question 6 Regarding compensation, in addition to the format included, is it acceptable and of interest to provide alternative arrangements for your consideration?

UNMH Response to Question 6: Yes, it is acceptable.

Question 7 With regard to compensation, is a firm allowed to accept any form of commissions? If so, how will any commissions be factored into the evaluation of a firm's proposed compensation?

UNMH Response to Question 7 No, a firm is not allowed to accept any form of commissions.

Question 8 What is the composition of the evaluation team?

UNMH Response to Question 8: The evaluation team consists of UNMH and SRMC Staff, with knowledge and expertise relevant to the project.

Question 9 Can you provide an indication as to the time line and process for the selection of the consultant, especially with respect to potential finalist interviews?

UNMH Response to Question 9: The Procurement Specialist will make every effort to complete the process by November, 2016.

Question 10 Please clarify the scope of retirement services that are to be provided specific to SRMC.

UNMH Response to Question 10: The SRMC's response will be forthcoming in a separate addendum.

Question 11 Please provide a similar description of the retirement programs in place for SRMC (same as found on page 9, section 4.2 for UNMH

UNMH Response to Question 11: The SRMC's response will be forthcoming in a separate addendum.

Question 12 Are there any capitated risk arrangements in place for population that UNMH and UNM SRC serve as a hospital?

UNMH Response to Question 12: NO, there are not any capitated risk arrangements in place for UNMH Employees. The SRMC's response will be forthcoming in a separate addendum.

Question 13 Are you able to provide existing plan designs?

UNMH Response to Question 13: The response will be forthcoming in a separate addendum.

Question 14

A) **Appendix A, pages 27 – 29;** will omission of *General Fringe Benefits Consulting Hourly Rates* cause rejection of an Offeror's proposal submission?

B) **Section I. 1.5 Scope of Procurement** – "UNMH and UNM SRMC anticipate that successful Offerors will provide flat rates." Please advise.

UNMH Response to Question 14

A) No, it will not cause rejection.

B) Yes, UNMH and SRMC would like vendors to provide flat rates.

Question 15 Of the 5,249 benefits eligible employees, how many are participating in the UNMH medical plan?

UNMH Response to Question 15: There are approximately four thousand eight hundred (4,800) benefits eligible employees.

Question 16 Retiree benefits:

a. Do they vary from the benefits offered to Actives?

b. Are new hires eligible for retiree benefits or is it a closed class?

UNMH Response to Question 16: All Retiree, Medical, Dental and Vision benefits ended December 31, 2015.

Question 17: Does UNMH have union populations? If so:

- a. How many unions?
- b. How many employees are represented?
- c. Do they have any different benefit programs from non-represented employees?

UNMH Response to Question 17:

- a. 3
- b. 90%
- c. No

Question 18: Does UNMH utilize on-site/near-site clinics that are designated in part or in full to employees?

UNMH Response to Question 18 Yes, the UNMH has a clinic that is available for acute non-emergency treatment. The cost for treatment is submitted to BCBS for payment.

Question 19: Does UNMH currently use a data warehouse? If so:

- a) Which data warehouse is used?
- b) What are the current data sources loaded into the data warehouse engine (Medical/Rx/Disability/Personal Wellness Profile responses, etc.)?
- c) Does it include retiree data (pre-65 and post 65)?
- d) Does it include information from the on-site clinics?

UNMH Response to Question 19: No, to questions a-d above.

Question 20: Do the benefits differ between UNMH and UNM SRMC? If so, please describe the how they differ?

UNMH Response to Question 20: Yes, the benefits do differ between the UNMH and SRMC. The response will be forthcoming in a separate addendum.

Question 21: Are organizational contacts different at UNMH and UNM SRMC? Would the consulting firm be working independently with the two entities or collectively through a single point of contact?

UNMH Response to Question 21: Yes, the consultant firm would work independently with each the UNMH and SRMC, except in the case of a joint RFP and/or Contract.

Question 22 Is UNM SRMC considered to be exempt from ERISA?

UNMH Response to Question 22 YES, the SRMC is exempt.

Question 23:

A) Is Appendix G required to be completed prior to submission of the RFP or only required for the successful bidder?

B) Is an answer to 5.2.4 in addition to Appendix G?

UNMH Response to Question 23

- A) Yes, Exhibit G is required to be completed and submitted with the RFP proposal response.
- B) Yes.

Question 25 Related to the “small frozen defined benefit plan”:

- A) Are annual personalized statements to be provided?
- B) Was a funding policy adopted as part of the implementation of GASB 68?
- C) Is GASB 67 reporting required?
- D) Can you provide a copy of the most recent actuarial report for funding and accounting for the pension plan?

UNMH Response to Question 25

- a. No
- b. No
- c. No
- d. No

Question 26 : What are the plan assets in the 403(b)?

UNMH Response to Question 26: Three hundred seventeen million, two hundred thousand (\$317,200,000) as of Quarter 1 of 2016.

Question 27: Can you share a listing of the current defined contribution investment line-up(s)?

UNMH Response to Question 27: If applicable to provide, the response will be forthcoming in a separate addendum.

Question 28 Are the investment line-ups for the defined contribution plans (i.e., 403(b), 401(a), 457(b), and executive retirement plans) mirrored?

UNMH Response to Question 28: Yes, the plans are mirrored.

Question 29 Are you able to provide the Summary Plan Descriptions for each of the defined contribution plans?

UNMH Response to Question 29: If applicable to provide, the response will be forthcoming in a separate addendum.

Question 30: Are you able to share the existing Investment Policy Statement for each of for the defined contribution plans?

UNMH Response to Question 30: No, the UNMH is not able to share existing Investment Policy Statement,

Question 31: Are UNMH and UNM SRMC separate programs with separate plan designs, vendor contracts, accrual rates and employee contribution rates? Would meetings be held separately with each? Are decisions about benefit changes made separately?

UNMH Response to Question 31: Yes, each group is separate and decisions are made separately.

Question 32: Page 9, Section 4.1.2: Please define the following terminology used in this section

- A) “analysis of the health plan funding contracts” – what is meant by “funding contract”?
- B) “analyze the performance of UNMH AND UNM SRMC health plan” – is performance defined as total cost relative to budget, or something else?
- C) “analyze and project claims and funding effectiveness levels” – what is meant by “funding effectiveness levels”?
- D) “evaluate the financial impact and plan design” – does this mean evaluating the potential financial impact of changes in plan design?

UNMH Response to Question 32:

- a. Premium equivalents PREMIUM EQUIVALENTS
- b. Cost, Services provided by Vendor, Plan design.
- c. PREMIUM EQUIVALENTS
- d. YES

Question 33 Page 9, Section 4.1.2: What is the frequency of claims reporting – monthly, quarterly, other?

UNMH Response to Question 33: The Blue Cross Blue Shields provides monthly reporting.

Question 34 Page 9, Section 4.1.4: How many retirees from UNMH and UNM SRMC are covered by the benefits programs?

UNMH Response to Question 34: There are no retiree participants.

Question 35 Page 9, Section 4.1.10: Please describe or provide examples of the “complex problems and services in benefits administration” for which assistance would be requested

UNMH Response to Question 35: UNMH would need assistance with maintaining compliance with ACA, COBRA, ETC.

Question 36 Will the Offeror be able to restrict public access of our proposal, including hourly rates, or will it all become publicly available?

UNMH Response to Question 36: No, the UNMH is subject to the regulations of the NM Public Inspection Request.

Question 37 Why has this RFP been issued at this time?

UNMH Response to Question 37: Current contract(s) will expire in calendar year 2016; therefore, an RFP was issued.

Question 38 What are the top three things that employee's value most about your current programs?

UNMH Response to Question 38

- a) Employer paid individual coverage for health and dental;
- b) Leave programs; and
- c) Tuition reimbursement program.

Question 39 What are the top three concerns, if any, which the Hospitals or employees have regarding your benefits or challenges that you expect to face in the next 4 years?

UNMH Response to Question 39

- a) Rising cost of specialty RX; and
- b) Complexity of ACA reporting and compliance.

Question 40: How many are early retirees, not yet Medicare eligible; and how many retirees that are 65+ and eligible for Medicare are covered by your medical plans? Do you offer any Medicare Advantage Plans to your Medicare eligible retirees?

UNMH Response to Question 40: Retirees are not covered by UNMH benefit programs.

Question 41: Does the UNMH currently participate in a Medicare Retiree Drug Subsidy (RDS) program or Employer Group Waiver Plan (EGWP) for retiree drug coverage?

UNMH Response to Question 41: No the UNMH does not participate in a Medicare Retiree Drug Subsidy.

Question 42 What are the specific goals or reasons that the current consulting types have been combined into a single marketing effort?

UNMH Response to Question 42: Current consulting contract will expire in calendar year 2016. In order to ensure there are no interruptions of service they procurement efforts were combined.

Question 43 What is consulting firm's current fee arrangement?

UNMH Response to Question 43: The current fee arrangement is based on hourly rates.

Question 44 Which year(s) do you expect or are required to competitively bid each line of coverage?

UNMH Response to Question 44

- A) Medical/RX – bid in 2015
- B) Stop loss – contracted annually
- C) Dental – to be bid in late 2016
- D) Vision – will be bid in late 2017

- E) Life, LTD, AD&D – bid in 2015
- F) EAP- bid in 2015
- G) FSA – no bid necessary
- H) Cancer, Heart, Legal – employee paid only; no bid require
- I) COBRA – no bid necessary

Question 45 Please provide or direct us to a copy of your most recent GASB 45 report?

UNMH Response to Question 45 UNMH will not provide at this time. UNMH may provide if requested by the successful offeror.

Question 46: How many benefit plans do you offer retirees?

UNMH Response to Question 46: No, the UNMH does not have any plans to retirees.

Question 47 How many eligibility (e.g., based on date of hire) tiers does the retiree health plan have?

UNMH Response to Question 47: N/A

Question 48 Do you want results shown by different groups (for example, bargaining or budget unit)?

UNMH Response to Question 48: No.

Question 49: Do you have any assets in a qualified OPEB trust? If so, do you have a funding policy that determines contributions to the trust?

UNMH Response to Question 49: No, the UNMH does not have any assets in the qualified OPEB trust.

Question 50: Are there any other fringe benefit plan services that are anticipated under the scope of this agreement or that would of interest to UNMH as a separate out of scope fee that is not specifically stated in the Scope of Work? For example:

- a) Who produces your Summary Plan Description, Summary of Benefits Coverage and Plan documents for your health plan?
- b) Who provides communication materials for employees about your health programs at open enrollment and for new hires?
- c) Does the UNMH have a single location where health claims information is aggregated from all sources, that is capable of data mining, and predictive health modeling?

UNMH Response to Question 50

- A) The health plan is produced by TPA.
- B) Communication materials are produced internally by UNMH.
- C) No.

Question 51 How many plan participants are in the closed defined benefit plan (Plan B)? What is the amount of fund assets as of January 1, 2016?

UNMH Response to Question 51: There are sixteen (16) current employees and approximately twenty eight (28) retirees. In regards to fund assets, response will be forthcoming in a separate addendum.

Question 52 Please provide a copy of the most recent valuation report for the closed defined benefit plan (Plan B).

UNMH Response to Question 52 UNMH will not provide at this time. UNMH may provide if requested by the successful offeror.

Question 53 Please provide the most recent financial statements/notes associated with the closed defined benefit plan (Plan B).

UNMH Response to Question 53 UNMH will not provide at this time. UNMH may provide if requested by the successful Offeror.

Question 54 Approximately how many closed defined benefit plan (Plan B) calculations are expected to be performed in each year?

UNMH Response to Question 54: Three to Five (3-5) calculations are expected annually.

Question 55 What services does the current consultant currently provide? Are the services the same as the services outlined in the RFP Scope of Services?

UNMH Response to Question 55: The current consultant provides investment advice and assists in Qual plan analysis. Yes, the services are outlined in the RFP.

Question 56 If not, please describe any significant changes in services?

UNMH Response to Question 56 N/A

Question 57 Does the ENTITY currently retain an investment consultant to perform regular investment performance evaluations of the plan(s) and the investment options offered to participants and if so: What is the firm's current fee schedule and/or the amount paid last year for the services?

UNMH Response to Question 57: Yes, the UNMH does retain an investment consultant. If the fee schedule is applicable to provide, the response will be forthcoming in a separate addendum.

Question 58 What services does the Investment Consulting firm currently provide? Do the services include the services outlined in the RFP's Scope of Services? If not, please describe any significant changes in services.

UNMH Response to Question 58: The services are outlined in the RFP's, Section IV. Scope of Work.

Question 59 Do the plans currently have investment policy statements? If so, could you provide copies of each?

UNMH Response to Question 59 Yes, the plans do have investment policy statements; however, UNMH will not provide at this time. UNMH may provide if requested by the successful offeror.

Question 60 Can you provide a current list of investment options, including current market value, for each plan?

UNMH Response to Question 60: If applicable to provide, the response will be forthcoming in a separate addendum.

Question 61 Can you provide a copy of the most recent investment performance report?

UNMH Response to Question 61: UNMH will not provide at this time. UNMH may provide if requested by the successful offeror.

Question 62 What was the date of the last service provider review(s) and could you provide copies of the reports?

UNMH Response to Question 62: UNMH will not provide at this time. UNMH may provide if requested by the successful offeror.

Question 63 Please help us better understand your preference and expectations with regards to fees and completion of Appendix A, Cost Response Form. Section 1.5 Scope of Procurement states, “UNMH AND UNM SRMC anticipates that successful Offerors will provide flat rates. The proposed prices for services must remain fixed for four years and may only be adjusted by mutual agreement, with a capped increase not to exceed 2.5% - 5.0%.”

a) Appendix A, Cost Response Form has an indication for hourly rates. Do you want to compensate your consultant based on a flat fixed annual fee, hourly rates, or on some other basis?

b) Please further explain the UNMH’s intentions regarding “capped increase not to exceed 2.5% - 5%?” Is this an annual increase/cost escalation to be proposed for each of?

UNMH Response to 63:

- a) Yes, UNMH and SRMC would like vendors to provide flat rates.
- b) Proposed prices for services must remain fixed for four years and may only be adjusted by mutual agreement.

Acknowledge receipt of this Addendum in the space provided in Exhibit A. Failure to do so may subject Offeror to disqualification.

All other provisions of the Proposal Documents shall remain unchanged. This addendum is hereby made a part of the Proposal Documents to the same extent as those provisions contained in the original documents and all itemized listing thereof.