

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

CONTRACT NUMBER
56047 04

PAGE 1 of 2	ORDER DATE 05/22/19
BUSINESS UNIT 65080007	BUYER JULIE SCHILTZ (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS: APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MO 65205-6044	

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JULY 01, 2019 THROUGH JUNE 30, 2020

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4292 Z1

Contract to supply and deliver Administration of a Flexible Spending Account Program and COBRA and Retiree Benefits Services to the State of Nebraska as per the attached specifications for the contract period July 1, 2019 through June 30, 2020.

Vendor Contact: Anita Spencer
Phone: 573-999-6632
Cellular: 573-999-6632
Fax: 573-442-4435
E-Mail: aspencer@asiflex.com

THIS IS THE FOURTH RENEWAL OF THE CONTRACT AS AMENDED. (5/22/19 ms)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
2	FLEX SPENDING ADMIN FY 14/15 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
3	FLEX SPENDING ADMIN FY 15/16 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
4	COBRA/RETIREE ADMIN FY 13/14 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
5	COBRA/RETIREE ADMIN FY 14/15 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00

6/3/19
MATERIEL ADMINISTRATOR
BUYER
6/3/19

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PAGE 2 of 2	ORDER DATE 05/22/19
BUSINESS UNIT 65080007	BUYER JULIE SCHILTZ (AS)
VENDOR NUMBER: 1552476	

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
6	COBRA/RETIREE ADMIN FY 15/16 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
7	FLEX SPENDING ADMIN FY 16/17 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD OPTIONAL RENEWAL PERIOD 1	59,436.0000	EA	2.6000	154,533.60
8	COBRA/RETIREE ADMIN FY 16/17 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION OPTIONAL RENEWAL PERIOD 1	193,200.0000	EA	0.3900	75,348.00
9	FLEX SPENDING ADMIN FY 17/18 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD OPTIONAL RENEWAL PERIOD 2	59,436.0000	EA	2.6000	154,533.60
10	COBRA/RETIREE ADMIN FY 17/18 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION OPTIONAL RENEWAL PERIOD 2	193,200.0000	EA	0.3900	75,348.00
11	FLEX SPENDING ADMIN FY 18/19 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD OPTIONAL RENEWAL PERIOD 3	59,436.0000	EA	2.6000	154,533.60
12	COBRA/RETIREE ADMIN FY 18/19 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION OPTIONAL RENEWAL PERIOD 3	193,200.0000	EA	0.3900	75,348.00
13	FLEX SPENDING ADMIN FY 19/20 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD OPTIONAL RENEWAL PERIOD 4	59,436.0000	EA	2.6000	154,533.60
14	COBRA/RETIREE ADMIN FY 19/20 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION OPTIONAL RENEWAL PERIOD 4	193,200.0000	EA	0.3900	75,348.00
Total Order					1,609,171.20


BUYER INITIALS

NEBRASKA

Good Life. Great Service.

DEPT. OF ADMINISTRATIVE SERVICES

CONTRACT RENEWAL

November 8, 2018

Application Software Inc.
DBA ASI Flex
PO Box 6044
Columbia, MO 65205-6044

RE: Contract Number 56047 O4, Administration of a Flexible Spending Account Program and COBRA and Retiree Benefit Services

Dear Ms. Spencer:

The above named contract to the State of Nebraska expires on June 30, 2019.

It carries a provision for renewal when mutually agreeable to the Vendor and the State of Nebraska. The State of Nebraska wishes to renew this contract for an additional one (1) year period, beginning July 1, 2019 through June 30, 2020.

If this is agreeable with ASI Flex, please sign and return as soon as possible, keeping one (1) copy for your files.

If no response is received within thirty (30) calendar days, the State of Nebraska will assume that ASI Flex does not intend to renew this contract and thus may begin the formal solicitation process.

Sincerely,



Teresa Fleming, Buyer
State Purchasing Bureau

Application Software Inc. DBA ASI Flex is agreeable to the renewal of 56047 O4 for Administration of a Flexible Spending Account Program and COBRA and Retiree Benefit Services beginning July 1, 2019 through June 30, 2020.

SIGNATURE:



TITLE:

VP & General Counsel

DATE:

11/8/2018

Department of Administrative Services | MATERIEL DIVISION

1526 K Street, Ste. 130
Lincoln, Nebraska 68508

OFFICE 402-471-6500
FAX 402-471-2089

das.nebraska.org

STATE OF NEBRASKA SERVICE CONTRACT AWARD

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CONTRACT NUMBER
56047 O4

PAGE 1 of 3	ORDER DATE 05/14/18
BUSINESS UNIT 65080007	BUYER JENNIFER ELOGE (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS: APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MO 65205-6044	

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JULY 01, 2018 THROUGH JUNE 30, 2019

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Original/Bid Document 4292 Z1

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Vendor Contact: Anita Spencer
Phone: 573-999-6632
Cellular: 573-999-6632
Fax: 573-442-4435
E-Mail: aspencer@asiflex.com

THIS IS THE THIRD RENEWAL OF THE CONTRACT AS AMENDED. (5/14/18 sc)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
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5/22/18
JK
5/17/18
BUYER
MATERIEL ADMINISTRATOR

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PAGE 2 of 3	ORDER DATE 05/14/18
BUSINESS UNIT 65080007	BUYER JENNIFER ELOGE (AS)
VENDOR NUMBER: 1552476	

CONTRACT NUMBER
56047 O4

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
5	COBRA/RETIREE ADMIN FY 14/15 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
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J E stmk
BUYER INITIALS

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BUSINESS UNIT 65080007		BUYER JENNIFER ELOGE (AS)	
VENDOR NUMBER: 1552476			

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	Total Order				1,609,171.20



Jesmits
 BUYER INITIALS

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PAGE 1 of 3	ORDER DATE 05/15/17
BUSINESS UNIT 65080007	BUYER MICHELLE THOMPSON (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS:	
APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MO 65205-6044	

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Original/Bid Document 4292 Z1

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Vendor Contact: Anita Spencer
Phone: 573-999-6632
Cellular: 573-999-6632
Fax: 573-442-4435
E-Mail: aspencer@asiflex.com

THIS IS THE SECOND RENEWAL OF THE CONTRACT AS AMENDED. (5/15/17 sc)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
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5/15/17
pk *Michelle Thompson* 5.16.17
BUYER
5/15/17
MATERIEL ADMINISTRATOR

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PAGE 2 of 3	ORDER DATE 05/15/17
BUSINESS UNIT 65080007	BUYER MICHELLE THOMPSON (AS)
VENDOR NUMBER: 1552476	

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5-16-17
MT
BUYER INITIALS

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BUSINESS UNIT 65080007		BUYER MICHELLE THOMPSON (AS)	
VENDOR NUMBER: 1552476			

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Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	Total Order				1,609,171.20



MT 5.16.17
BUYER INITIALS

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
1526 K Street, Suite 130
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CONTRACT NUMBER
56047 O4

PAGE 1 of 3	ORDER DATE 07/11/16
BUSINESS UNIT 65080007	BUYER MICHELLE THOMPSON (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS: APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MO 65205-6044	

THE CONTRACT PERIOD IS:

JULY 01, 2016 THROUGH JUNE 30, 2017

THIS SERVICE CONTRACT HAS BEEN AMENDED PER THE FOLLOWING INFORMATION:

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

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Original/Bid Document 4292 Z1

Contract to supply and deliver Administration of a Flexible Spending Account Program and COBRA and Retiree Benefits Services to the State of Nebraska as per the attached specifications for the contract period July 1, 2016 through June 30, 2017. The contract may be renewed for three (3) additional one (1) year periods when mutually agreeable to the vendor and the State of Nebraska.

Vendor Contact: Anita Spencer
Phone: 573-999-6632
Cellular: 573-999-6632
Fax: 573-442-4435
E-Mail: aspencer@asiflex.com

THIS IS THE FIRST RENEWAL OF THE CONTRACT AS AMENDED. (djo 06/16/16)

AMENDMENT ONE (1) AS ATTACHED. (djo 07/11/16)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
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Michelle Thompson 7/12/16
KS/DK 7/12/16 BUYER
7/13/16
MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

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PAGE 2 of 3	ORDER DATE 07/11/16
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VENDOR NUMBER: 1552476	

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4	COBRA/RETIREE ADMIN FY 13/14 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
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MT 7.12.16
BUYER INITIALS

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

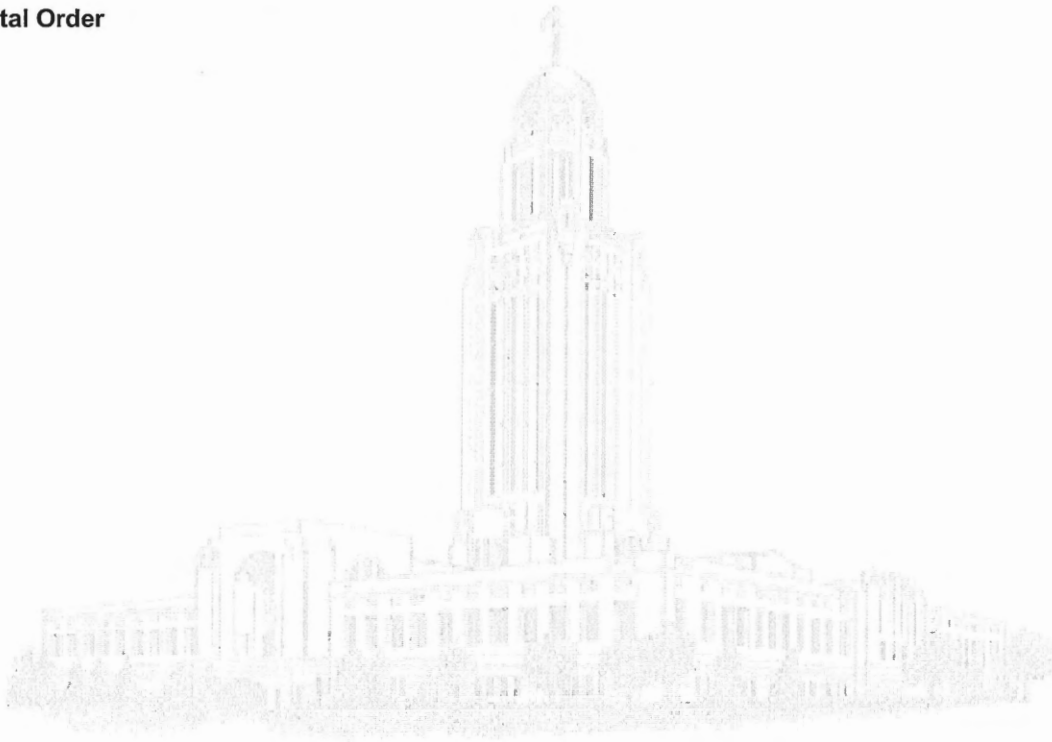
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Total Order					1,609,171.20



MT 7-12-16
BUYER INITIALS

AMENDMENT ONE

Contract 56047 O4

Flexible Spending Account Program and COBRA and Retiree Benefits Services to the State of
Nebraska

Between

The State of Nebraska and Application Software Inc DBA ASI Flex

This Amendment (the "Amendment") is made by the State of Nebraska and Application Software Inc DBA ASI Flex; parties to Contract 56047 O4 (the "Contract"), and upon mutual agreement and other valuable consideration the parties agree that effective June 1, 2016 Attachment 4, Cost Proposal, herein set out in full, is incorporated in the Contract.

Line	Description	Estimated Quantity	Unit of Measure	Unit Price
7	FLEX SPENDING ADMIN FY 16/17 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD OPTIONAL RENEWAL PERIOD 1	59,436.00	EA	2.60
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This amendment and any attachments hereto will become part of the Contract. Except as set forth in this Amendment, the Contract is unaffected and shall continue in full force and effect in

accordance with its terms. If there is conflict between this amendment and the Contract or any earlier amendment, the terms of this amendment will prevail.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of execution by both parties below.

State of Nebraska

Contractor: Application Software Inc DBA ASI Flex

By: 

By: 

Name: Bo Botelho
~~Marilyn Bottrell~~

Name: Jan L. Jackson

Title: Materiel Administrator

Title: VP & GC

Date: 7/13/16

Date: 7-5-2016

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PAGE 1 of 2	ORDER DATE 06/16/16
BUSINESS UNIT 65080007	BUYER MICHELLE THOMPSON (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS: APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MO 65205-6044	

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JULY 01, 2016 THROUGH JUNE 30, 2017

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4292 Z1

Contract to supply and deliver Administration of a Flexible Spending Account Program and COBRA and Retiree Benefits Services to the State of Nebraska as per the attached specifications for the contract period July 1, 2016 through June 30, 2017. The contract may be renewed for three (3) additional one (1) year periods when mutually agreeable to the vendor and the State of Nebraska.

Vendor Contact: Anita Spencer
Phone: 573-999-6632
Cellular: 573-999-6632
Fax: 573-442-4435
E-Mail: aspencer@asiflex.com

THIS IS THE FIRST RENEWAL OF THE CONTRACT AS AMENDED. (djo 06/16/16)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
2	FLEX SPENDING ADMIN FY 14/15 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
3	FLEX SPENDING ADMIN FY 15/16 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
4	COBRA/RETIREE ADMIN FY 13/14 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
5	COBRA/RETIREE ADMIN FY 14/15	193,200.0000	EA	0.3900	75,348.00

PK
Michelle Thompson
BUYER
6-17-16
MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Telephone: (402) 471-6500
Fax: (402) 471-2089

CONTRACT NUMBER
56047 04

PAGE 2 of 2		ORDER DATE 06/16/16	
BUSINESS UNIT 65080007		BUYER MICHELLE THOMPSON (AS)	
VENDOR NUMBER: 1552476			

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	\$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION				
6	COBRA/RETIREE ADMIN FY 15/16 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
	Total Order				689,644.80



MT 6-16-16

BUYER INITIALS

STATE OF NEBRASKA SERVICE CONTRACT ADDENDUM

State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-6500
Fax: (402) 471-2089

PAGE 1 of 2	ORDER DATE 11/04/14
BUSINESS UNIT 65080007	BUYER MICHELLE THOMPSON (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS: APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MISSOURI 65205-6044	

CONTRACT NUMBER
56047 04

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JULY 01, 2013 THROUGH JUNE 30, 2016

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4292 Z1

Contract to provide Administration of a Flexible Spending Account Program and COBRA and Retiree Benefits Services to the State of Nebraska for a period effective July 1, 2013 through June 30, 2016 with the option to renew for four (4), additional one (1) year periods as mutually agreed upon by all parties.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: <http://www.das.state.ne.us/accounting/forms/achenrol.pdf>

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

The contractor certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract. If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract shall incorporate the following previously submitted documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request for Proposal form and the Contractor's Proposal;

PK
11/11/14
Michelle Thompson 11.7.14
BUYER
2-1-14
MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT ADDENDUM

State Purchasing Bureau
 1526 K Street, Suite 130
 Lincoln, Nebraska 68508
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56047 04

PAGE 2 of 2	ORDER DATE 11/04/14
BUSINESS UNIT 65080007	BUYER MICHELLE THOMPSON (AS)
VENDOR NUMBER: 1552476	

4. Amendments to the RFP and any Questions and Answers; and
5. The original RFP document and any addenda.

Vendor Contact: Anita Spencer
 Phone: 573-999-6632
 Cell: 573-999-6632
 Fax: 573-442-4435
 E-Mail: aspencer@asiflex.com

(5/13/13 knj)

Addendum One (1) as attached (djo 11/4/14)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
2	FLEX SPENDING ADMIN FY 14/15 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
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6	COBRA/RETIREE ADMIN FY 15/16 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
Total Order					689,644.80

MT 11.7.14
 BUYER INITIALS

ADDENDUM ONE
Contract 56047 O4
Flexible Spending Account Program and COBRA and Retiree Benefits Services
Between
The State of Nebraska and Application Software Inc DBA ASI Flex

This Addendum (the "Addendum") is made by the State of Nebraska and Application Software Inc DBA ASI Flex; parties to Contract 56047 O4 (the "Contract"), and upon mutual agreement and other valuable consideration the parties agree to the following effective September 22, 2014:

A. Add Business Associate Agreement (BAA)

This addendum and any attachments hereto will become part of the Contract. Except as set forth in this Addendum, the Contract is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this addendum and the Contract or any earlier addendum, the terms of this addendum will prevail.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the date of execution by both parties below.

State of Nebraska

By: 

Name: Bo Botelho

Title: Materiel Administrator

Date: 11-7-14

Contractor: Application Software Inc DBA ASI Flex

By: 

Name: Jan L. Jackson

Title: General Counsel & VP

Date: 10/22/2014

STATE OF NEBRASKA
BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT ("Agreement") amends and is made a part of all Services Agreements (as defined below) between Application Software Inc DBA ASI Flex ("Business Associate") and State of Nebraska ("Company") on behalf of the Group Health Plans sponsored by Company (the "Plan"). This Agreement is effective September 22, 2014 or upon the effective date of the underlying Services Agreement, whichever is later ("Effective Date"). This Agreement supersedes and replaces any prior Business Associate Agreements between the parties.

1. **Definitions.**

a. **Catch-all definitions.** The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: Breach, Covered Entity, Data Aggregation, Designated Record Set, Disclose or Disclosure, Electronic Protected Health Information, Health Care Operations, Minimum Necessary, Notice of Privacy Practices, Protected Health Information or PHI, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use. Other capitalized terms used but not otherwise defined in this Agreement shall have the meaning ascribed in the HIPAA Rules.

b. **Specific definitions.**

(1) ***"Business Associate"*** shall generally have the same meaning as the term "Business Associate" at 45 CFR 160.103, and in reference to the party to this Agreement, shall mean the party identified above as Business Associate.

(2) ***"Business Associate Functions"*** means functions performed by Business Associate on behalf of the Plan in the course of providing or arranging for plan administration services which involve the creation, receipt, maintenance or transmission of PHI by Business Associate or its agents or Subcontractors. It is anticipated that the services provided by Business Associate will be performed as part of the Plan's "health care operations" as defined in the HIPAA Rules.

(3) ***"HIPAA Rules"*** shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended at the time the section is to be applied.

(4) ***"Individual"*** shall generally have the same meaning ascribed in the HIPAA Rules and shall refer only to Individuals who are covered persons under the Plan.

(5) ***"Services Agreements"*** means all agreements whether now in effect or hereafter entered into, between Company and Business Associate for the performance of Business Associate Functions by Business Associate on behalf of the Plan.

2. **Purpose.** The Plan is a Covered Entity under HIPAA. The HIPAA Rules require the Plan to obtain, and Business Associate to provide, satisfactory written contractual assurances before Business Associate may create, receive, maintain, or Disclose PHI to perform Business Associate Functions on behalf of the Plan. This Agreement is entered into to provide the contractual assurances required under the HIPAA Rules.

3. **Obligations of Business Associate.** As an express condition of performing Business Associate Functions, Business Associate agrees to:

a. Not Use or Disclose PHI other than as permitted or required by this Agreement or as otherwise Required by Law.

b. Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to Electronic Protected Health Information, to prevent Use or Disclosure of PHI other than as provided for in this Agreement.

c. Report to the Plan's designated privacy official, without unreasonable delay but in no event more than three (3) business days after discovery by Business Associate, any Use or Disclosure of PHI not provided for by this Agreement of which Business Associate becomes aware, including any Breach of Unsecured Protected Health Information as required at 45 CFR 164.410, and any Security Incident of which it becomes aware, together with any remedial or mitigating action taken or proposed to be taken with respect thereto. If Business Associate does not have available complete information in satisfaction of 45 CFR 164.410(c) within three (3) business days of discovery of the impermissible Use or Disclosure, Business Associate shall provide all information it has at such time, and immediately update the Plan with additional information as it becomes available through prompt investigation. This Agreement serves as Business Associate's notice to the Plan that attempted but unsuccessful Security Incidents regularly occur and that no further notice will be made by Business Associate unless there has been a successful Security Incident or attempts or patterns of attempts that Business Associate determines to be suspicious.

Business Associate shall cooperate with the Plan in mitigating any harmful effects of any impermissible Use or Disclosure. In the case of a Breach as determined to exist in the sole discretion of the Plan which was due to a violation of this Agreement by Business Associate, Business Associate shall pay for the reasonable costs of investigation, mitigation and notification to affected Individuals. As an alternative to Business Associate reimbursing Company and the Plan for the costs of notification, the Plan may elect to have Business Associate directly provide the notifications to Individuals for breaches caused by Business Associate, provided that Company and the Plan shall have final approval of all content of notifications to Individuals.

d. In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), ensure that any Subcontractors that create, receive, maintain, or transmit PHI on behalf of Business Associate agree in writing to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information.

e. Within ten (10) business days of request by an Individual or notification by the Plan, make available to the Individual such Individual's PHI maintained by Business Associate in a Designated Record Set in accordance with 45 CFR 164.524. The

parties agree that Individuals will be directed to Business Associate to make all requests for access to PHI. Business Associate will provide such access according to its own procedures for such access in accordance with the requirements of 45 CFR 164.524. If the requested PHI is maintained in one or more Designated Record Sets electronically and if the Individual requests an electronic copy of such PHI, Business Associate must provide the Individual with access to PHI in the electronic form and format requested by the Individual, if it is readily producible in such form and format; or, if not, in a readable electronic form and format as agreed to between Business Associate and the Individual. Business Associate shall provide the requested information directly to the Individual, along with a notice to the Individual that a copy of the individual's request has been furnished to the Plan and that the Plan may provide additional information to the Individual in response to the request.

If the Individual's request covers records not maintained by Business Associate, Business Associate shall notify the Plan within three (3) days of the request. The Plan will be responsible for providing access or otherwise responding directly to the Individual pursuant to the HIPAA Rules with respect to PHI not in the possession of Business Associate or an agent or subcontractor of Business Associate. Business Associate may charge the Individual reasonable fees related to this access, as determined by Business Associate, but only in such amounts as permitted by the HIPAA Rules. The Plan authorizes Business Associate to require payment of such fees from the Individual prior to releasing any records.

f. Business Associate agrees to receive requests for amendment and amend PHI as required by 45 CFR 164.526 on the Plan's behalf for as long as such information is maintained by Business Associate. The parties agree that Individuals will be directed to Business Associate to make all such requests for amendment of PHI. Business Associate will amend such PHI according to its own procedures for such amendment in accordance with the requirements of 45 CFR 164.526. If the Individual's request covers records not maintained by Business Associate, Business Associate shall notify the Plan within three (3) days of such request. The Plan will be responsible for amending or otherwise responding directly to the Individual pursuant to the HIPAA Rules with respect to PHI not in the possession of Business Associate or an agent or contractor of Business Associate. Business Associate shall notify the Plan of any amendments made to PHI.

g. Business Associate agrees to process all requests for disclosure accounting by Individuals for as long as such information is maintained by Business Associate. Individuals will be directed to Business Associate to make all such requests. Business Associate will provide the accounting that is required under 45 CFR 164.528 on the Plan's behalf directly to the Individual. Business Associate will provide such accounting according to its own procedures for such accounting in accordance with the requirements of 45 CFR 164.528.

Business Associate shall notify the Plan within three (3) days of any request made by an Individual for a disclosure accounting. The Plan will be responsible for responding directly to the Individual (or the Individual's personal representative) pursuant to 45 CFR 164.528 with respect to disclosures of PHI by persons or entities other than Business Associate or a subcontractor or agent of Business Associate.

Business Associate shall provide directly to the Individual the requested accounting of disclosures made by Business Associate or a subcontractor or agent of Business Associate, along with a notice to the Individual that a copy of the Individual's request has been furnished to the Plan and that the Plan may provide additional information to the Individual in response to the request.

h. Make its internal practices, books and records relating to this Agreement available to the Secretary of HHS and to the Plan for purposes of determining the Plan's and Business Associate's compliance with the HIPAA Rules.

i. So that the Plan may meet its obligations to evaluate requests for restrictions and confidential communications in connection with the disclosure of PHI under 45 CFR 164.522, Business Associate and the Plan agree that, to the extent that communications are within the control of Business Associate, Business Associate will perform these evaluations on behalf of the Plan. Business Associate will evaluate such requests according to its own procedures for such requests, in accordance with the requirements of 45 CFR 164.522, and shall implement such appropriate operational steps as are required by its own procedures. Such evaluation will not relieve the Plan of any additional and independent obligations to evaluate restrictions or implement confidential communications where requested by an Individual. Accordingly, Business Associate will evaluate requests for restrictions and requests for confidential communications, and will respond to these requests as appropriate under Business Associate's procedures. The Plan agrees that it will not agree to such restriction or request that would affect Business Associate without the approval of Business Associate, so that Business Associate can determine whether it can reasonably administer the request.

j. So that the Plan may meet its obligation to evaluate complaints from Individuals regarding their privacy rights or privacy practices of the Plan or Business Associate, the parties agree that Individuals shall be directed to submit any such complaint to Business Associate for review and evaluation. Business Associate will evaluate such complaints according to its own procedures for complaints, and shall implement appropriate operation steps as are required by its own procedures. The Privacy Officer of the Plan shall cooperate with Business Associate in the evaluation of any such complaint. Business Associate shall provide a copy of all complaints to the Plan within three (3) days of receipt by Business Associate. If the complaint appears to involve handling of PHI by the Plan, Plan Sponsor, or other Business Associate of the Plan, Business Associate shall notify the Plan and it shall be the Plan's responsibility to review and evaluate the complaint.

k. Limit the Uses and Disclosures of, or requests for, PHI for purposes described in this Agreement to the Minimum Necessary to perform the required Business Associate Functions. Business Associate shall comply with any additional requirements for the determination of Minimum Necessary as are required from time to time by the HIPAA Rules, as amended, or through additional guidance published by the Secretary.

l. To the extent Business Associate is expressly obligated under the Services Agreements to carry out one or more of the Plan's obligation(s) under Subpart E of

45 CFR Part 164, comply with the requirements of Subpart E that apply to the Plan in the performance of such obligation(s).

m. Except for the specific Uses and Disclosures for the Business Associate's own management and administration or to carry out the legal responsibilities of Business Associate, Business Associate shall not Use or Disclose PHI in a manner that would violate the HIPAA Rules if done by the Plan.

4. **Permitted Uses and Disclosures of PHI.** Business Associate shall only Use or Disclose PHI as follows:

a. Business Associate may Use or Disclose PHI as Required by Law.

b. Business Associate may Use or Disclose PHI as necessary to carry out Business Associate Functions.

c. Business Associate may Use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.

d. Business Associate may Disclose PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided the Disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that the information will remain confidential and be Used or further Disclosed only as Required by Law or for the purposes for which it was Disclosed to the person, and the person notifies Business Associate in writing of any instances of which it is aware in which the confidentiality of the information has been breached or compromised.

e. If specifically identified as a Business Associate Function in the Services Agreements, Business Associate may provide Data Aggregation services relating to the Health Care Operations of Covered Entity.

f. If de-identification is listed as a Business Associate Function in the Services Agreements, or if Business Associate is expressly permitted to de-identify PHI and use data thus de-identified for its own uses in the Services Agreements, Business Associate may Use PHI to de-identify the information in accordance with 45 CFR 164.514(a)-(c). Business Associate may use de-identified data only for the purposes specified in the Services Agreements.

5. **Responsibilities of the Plan.** The Plan agrees to:

a. Notify Business Associate promptly of any restriction on the Use or Disclosure of PHI that the Plan has agreed to or is required to abide by under 45 CFR 164.522, to the extent such restriction may affect Business Associate's Use or Disclosure of PHI.

b. Notify Business Associate of any changes in, or revocation of, the permission by an Individual to Use or Disclose PHI, to the extent that such changes may affect Business Associate's Use or Disclosure of PHI.

c. Provide Business Associate with a copy of any amendment to PHI which is accepted by Covered Entity under 45 CFR 164.526 which Covered Entity believes will apply to PHI maintained by Business Associate in a Designated Record Set.

d. Not request Business Associate to Use or Disclose PHI in any manner that would not be permissible under the HIPAA Rules if done by the Plan, with exception for any Data Aggregation services permitted under Section 4.

6. **Compliance with Electronic Transactions Rule.** If Business Associate conducts in whole or part electronic Transactions (as defined in 45 CFR 160.103) on behalf of Covered Entity for which the Secretary of HHS has established standards, Business Associate will comply, and will require any Subcontractor involved with the conduct of such Transactions to comply, with each applicable requirement of the Electronic Transactions Rule at 45 CFR Parts 160 and 162 and of any operating rules adopted by the Secretary of HHS with respect to Transactions.

7. **Supervening Law.** Upon the enactment of any law or regulation affecting the Use or Disclosure of PHI, or the publication of any decision of a court of the United States or of this state relating to any such law, or the publication of any interpretive policy or opinion of any governmental agency charged with the enforcement of any such law or regulation, the parties agree to amend this Agreement in such manner as is necessary to comply with such law or regulation. If the parties are unable to agree on an amendment within thirty (30) days, either party may terminate the Services Agreements on not less than thirty (30) days' written notice to the other.

8. **Liability and Indemnification.** Each party shall be responsible for the acts and omissions of its own agents, employees and contractors. Notwithstanding the foregoing, and notwithstanding any limitation of liability or disclaimer of damages in the Services Agreements or elsewhere, to the extent that the Secretary determines that Business Associate is acting as an agent of the Plan under the Services Agreements or this Agreement, Business Associate shall indemnify Company and the Plan for any fines, civil monetary penalties or monetary resolutions incurred by Company or the Plan, plus reasonable attorneys' fees of Company and the Plan, arising out of or relating to the actions or omissions of Business Associate which constitute a breach of this Agreement by Business Associate. This indemnification is in addition to any additional indemnification provided by Business Associate in the Services Agreement.

9. **Term and Termination.**

a. **Term.** This Agreement shall become effective on the Effective Date and shall continue in effect until all obligations of the parties have been met, including return or destruction of all PHI in Business Associate's possession (or in the possession of Business Associate's agents and Subcontractors), unless sooner terminated as provided herein. It is expressly agreed that the terms and conditions of this Agreement designed to safeguard PHI shall survive expiration or other termination of the Services Agreements and shall continue in effect until Business Associate has performed all obligations under this Agreement and has either returned or destroyed all PHI.

b. **Termination.** Company may immediately terminate this Agreement and the Services Agreements, if Company and/or the Plan makes the determination that

Business Associate has breached a material term of this Agreement. Alternatively, Company may choose to provide Business Associate with written notice of the existence of an alleged material breach, and afford Business Associate an opportunity to cure the alleged material breach upon mutually agreeable terms. Failure to take reasonable steps to cure the breach is grounds for the immediate termination of this Agreement.

c. **Business Associate Obligations Upon Termination.** Upon termination of this Agreement for any reason, Business Associate, with respect to PHI received from the Plan, or created, maintained, or received by Business Associate on behalf of the Plan, shall:

- (i) Retain only that PHI which is necessary for Business Associate to continue its proper management and administration or to carry out its legal responsibilities or as to which Business Associate reasonably determines such PHI is technically incapable of being returned or destroyed;
- (ii) Return to the Plan or, if not provided for in the Services Agreements, destroy the PHI retained under 8.c.(i) that the Business Associate maintains in any form;
- (iii) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to Electronic Protected Health Information retained by Business Associate to prevent Use or Disclosure of the PHI, other than as provided for in this Section, for as long as Business Associate retains the PHI;
- (iv) Not Use or Disclose the PHI retained by Business Associate other than for the purposes for which such PHI was retained and subject to the same conditions set out at Sections 4.c. and 4.d. which applied prior to termination; and
- (v) Return to the Plan or, if not provided for in the Services Agreements, destroy the PHI retained by Business Associate under Section 8.c.(i) when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities, except where Business Associate reasonably determines such PHI is not technically capable of being returned or destroyed.

10. **Miscellaneous.**

a. **Applicability.** For purposes of this Agreement, and as applicable to the Business Associate Functions of Business Associate under the Services Agreements covered by this Agreement, references to the Plan shall include the named Plan and all other group health plans subject to HIPAA and sponsored by Company that participate in an organized health care arrangement.

b. **Survival.** The respective rights and obligations of Business Associate and the Plan or Company hereunder shall survive termination of this Agreement

according to the terms hereof and the obligations imposed on the Plan or Company and Business Associate under the HIPAA Rules.

c. **Interpretation; Amendment.** This Agreement shall be interpreted and applied in a manner consistent with the Plan's and Business Associate's obligations under the HIPAA Rules. All amendments shall be in writing and signed by both parties, except that this Agreement shall attach to additional Services Agreements entered into between the parties in the future without the necessity of amending this Agreement each time. This Agreement is intended to cover the entire Business Associate *relationship* between the parties, as amended, from time to time, through Services Agreements or other means.


d. **Waiver.** A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.

e. **No Third-Party Beneficiaries.** Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the parties and their respective successors or assigns, any rights, remedies or obligations.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on its behalf.

Company:

State of Nebraska

Signature:  _____

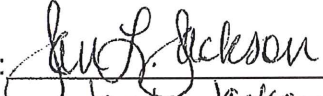
Printed Name: Bo Botelho

Title: Material Administrator

Date Signed: 11-7-14

Business Associate:

Application Software Inc, DBA ASI Flex

Signature:  _____

Printed Name: Jan L. Jackson

Title: General Counsel

Date Signed: 9/22/2014

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508

OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
56047 04

PAGE 1 of 2	ORDER DATE 05/13/13
BUSINESS UNIT 65080007	BUYER MARY LANNING (AS)
VENDOR NUMBER: 1552476	
VENDOR ADDRESS: APPLICATION SOFTWARE INC DBA ASI FLEX PO BOX 6044 COLUMBIA MISSOURI 65205-6044	

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JULY 01, 2013 THROUGH JUNE 30, 2016

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 4292 Z1

Contract to provide Administration of a Flexible Spending Account Program and COBRA and Retiree Benefits Services to the State of Nebraska for a period effective July 1, 2013 through June 30, 2016 with the option to renew for four (4), additional one (1) year periods as mutually agreed upon by all parties.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: <http://www.das.state.ne.us/accounting/forms/achenrol.pdf>

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

The contractor certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract. If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract shall incorporate the following previously submitted documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request for Proposal form and the Contractor's Proposal;

Mary Lanning
RK 6/14/13 BUYER 6-12-13
MATERIAL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
 301 Centennial Mall South, 1st Floor
 Lincoln, Nebraska 68508
 OR
 P.O. Box 94847
 Lincoln, Nebraska 68509-4847
 Telephone: (402) 471-2401
 Fax: (402) 471-2089

CONTRACT NUMBER
56047 O4

PAGE 2 of 2	ORDER DATE 05/13/13
BUSINESS UNIT 65080007	BUYER MARY LANNING (AS)
VENDOR NUMBER: 1552476	

4. Amendments to the RFP and any Questions and Answers; and
5. The original RFP document and any addenda.

Vendor Contact: Anita Spencer
 Phone: 573-999-6632
 Cell: 573-999-6632
 Fax: 573-442-4435
 E-Mail: aspencer@asiflex.com

(5/13/13 knj)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	FLEX SPENDING ADMIN FY 13/14 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
2	FLEX SPENDING ADMIN FY 14/15 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
3	FLEX SPENDING ADMIN FY 15/16 \$2.60/PPEPM-INCLUDES OPTIONAL SECTION 125 FLEX DEBIT CARD	59,436.0000	EA	2.6000	154,533.60
4	COBRA/RETIREE ADMIN FY 13/14 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
5	COBRA/RETIREE ADMIN FY 14/15 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
6	COBRA/RETIREE ADMIN FY 15/16 \$0.39 PEEPM-INCLUDES RETIREE ADMINISTRATION	193,200.0000	EA	0.3900	75,348.00
Total Order					689,644.80


 BUYER INITIALS



April 9, 2013

Mary Lanning/Michelle Musick
State Purchasing Bureau
301 Centennial Mall South
Lincoln, NE 68508

RE: Best and Final Offer for RFP Number 4292Z1, Flexible Spending Account and COBRA and Retiree Benefits Services

Dear Ms. Lanning and Ms. Musick:

On behalf of ASIFlex and ASI COBRA, we are pleased to respond to your request for a Best and Final Offer for RFP Number 4292Z1.

Enclosed is the Cost Proposal page as requested in your April 8 letter reflecting the FSA/Debit Card fee on a per participating employee per month basis; and reflecting the COBRA/Retiree administration fee on a per eligible employee per month basis.

Should you have questions or need further information, please contact Anita Spencer or me.

Name: Anita Spencer
Position: Account Executive
Phone: 573.999.6632
Email: aspencer@asiflex.com

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Riddick", written over a light blue horizontal line.

John M. Riddick
President/CEO

ATTACHMENT 4

**State of Nebraska
Request for Proposal
Cost Proposal**

Vendor Name: _____ ASIFlex, ASI COBRA

	<u>Initial Period</u>		<u>Renewal Period</u>		
	July 1, 2013 thru June 30, 2016	July 1, 2016 thru June 30, 2017	July 1, 2017 thru June 30, 2018	July 1, 2018 thru June 30, 2019	July 1, 2019 thru June 30, 2020
Bidder must provide the following costs on a "<u>Per Participating Employee Per Month</u>" (PPEPM) basis	PPEPM	PPEPM	PPEPM	PPEPM	PPEPM
Section 125 Flex Health and Dependent Care Accounts administration	\$2.60	\$2.60	\$2.60	\$2.60	\$2.60
Optional Section 125 Flex Debit Card	Included	Included	Included	Included	Included
Bidder must provide the following costs on a "<u>Per Eligible Employee Per Month</u>" (PEEPM) basis	PEEPM	PEEPM	PEEPM	PEEPM	PEEPM
COBRA administration	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39
Retiree administration	Included w/COBRA	Included w/COBRA	Included w/COBRA	Included w/COBRA	Included w/COBRA

ADDENDUM FOUR

DATE: April 18, 2013
TO: All Vendors
FROM: Mary Lanning/Michelle Musick, Buyer
State Purchasing Bureau
RE: RFP Number 4292 Z1

SCOPE OF ADDENDUM

Revised Schedule of Events:

	ACTIVITY	DATE/TIME
8.	Post "Letter of Intent to Contract" to Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	April 12, 2013 TBD
9.	Performance bond submission	April 19, 2013 TBD
10.	Contract award	April 30, 2013
11.	Contractor start date	July 1, 2013

This addendum will become part of the proposal and should be acknowledged with the RFP.

ADDENDUM THREE

DATE: April 5, 2013
TO: All Vendors
FROM: Mary Lanning/Michelle Musick, Buyer
State Purchasing Bureau
RE: RFP Number 4292 Z1

SCOPE OF ADDENDUM

Revised Schedule of Events:

	ACTIVITY	DATE/TIME
8.	Post "Letter of Intent to Contract" to Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	April 12, 2013 TBD
9.	Performance bond submission	April 19, 2013
10.	Contract award	April 30, 2013
11.	Contractor start date	July 1, 2013

This addendum will become part of the proposal and should be acknowledged with the RFP.

ADDENDUM TWO

DATE: March 27, 2013
TO: All Vendors
FROM: Mary Lanning/Michelle Musick, Buyer
State Purchasing Bureau
RE: RFP Number 4292Z1

SCOPE OF ADDENDUM

Correction Section IV.C COBRA AND RETIREE PROJECT ENVIRONMENT as follows:

Currently indicates:

Of the State's approximately 17,000 eligible permanent employees, 362 are currently enrolled as COBRA and 151 are currently enrolled as a Retiree. All are being served by direct billing and they are located across the country.

Revised language:

Of the State's approximately 17,000 eligible permanent employees, **151 are currently enrolled as COBRA** and **362 are currently enrolled as a Retiree**. All are being served by direct billing and they are located across the country.

Correction to the "Order of Precedence" language Section III.A as follows:

Currently indicates:

A. GENERAL

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. the signed, in ink, Request For Proposal form;
2. the original Request for Proposal document;
3. any Request for Proposal addenda and/or amendments to include questions and answers;
4. the contractor's proposal;
5. any contract amendments, in order of significance; and
6. contract award.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) the contract award, 2) contract amendments with the latest dated amendment having the highest priority, 3) Request for Proposal addenda and/or amendments with the latest dated amendment having the highest priority, 4) the original Request for Proposal, 5) the signed Request For Proposal form, 6) the contractor's proposal.

Revised language:

A. GENERAL

The contract resulting from this Request for Proposal shall only incorporate the following documents:

1. Amendment to Contract Award with the most recent dated amendment having the highest priority;
2. Contract Award and any attached Addenda;
3. The signed Request for Proposal form and the Contractor's Proposal;
4. Amendments to RFP and any Questions and Answers;
5. The original RFP document and any addenda.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to Contract Award with the most recent dated amendment having the highest priority, 2) Contract Award and any attached Addenda, 3) The signed Request for Proposal form and the Contractor's Proposal, 4) Amendments to RFP and any Questions and Answers, 5) The original RFP document and any addenda.

Revised Schedule of Events:

	ACTIVITY	DATE/TIME
4.	Proposal opening Location: Nebraska State Office Building State Purchasing Bureau 301 Centennial Mall South, Mall Level Lincoln, NE 68508	April 1, 2013 April 4, 2013 2:00 PM Central Time
5.	Review for conformance of mandatory requirements	April 1, 2013 April 4, 2013
6.	Evaluation period	April 1, 2013 April 4, 2013 – April 10, 2013
7.	“Oral Interviews/Presentations and/or Demonstrations” (if required)	TBD
8.	Post “Letter of Intent to Contract” to Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	April 12, 2013
9.	Performance bond submission	April 19, 2013
10.	Contract award	April 30, 2013
11.	Contractor start date	July 1, 2013

Revised Cost Schedule attached separately.

ADDENDUM ONE

DATE: March 27, 2013

TO: All Vendors

FROM: Mary Lanning/Michelle Musick, Buyers
State Purchasing Bureau

RE: Questions and Answers for RFP Number 4292Z1
to be opened ~~April 1, 2013~~ **April 4, 2013.**

Following are the questions submitted and answers provided for the above mentioned Request For Proposal. The questions and answers are to be considered as part of the Request For Proposal.

QUESTIONS	ANSWERS
1. Of the 17,000 employees, please confirm the total number of employees that are covered under a COBRA-eligible plan.	There are approximately 16,100 State employees who are covered in a COBRA-eligible plan(s).
2. Reference: None in the RFP a. Does this solicitation permit bidders to submit stand-alone proposals for FSA, COBRA and/or Retiree benefits administration? b. If bidders submit a proposal for all services, is there an opportunity on the Cost Proposal (Attachment 4) to offer a discount in the event the bidder is awarded all services?	Stand-alone proposals will be accepted for FSA (medical and dependent care) and/or COBRA/Retiree administration. Applicable rates must be listed on Attachment 4. Bidders' calculation of costs are at their discretion.

QUESTIONS	ANSWERS
<p>3. Reference: RFP pages 7-21, Terms and Conditions:</p> <p>The Terms and Conditions section includes indications that the vendor may need to “accept and initial” each section of the Terms and Conditions, however, the RFP does not include any specific instructions about whether the vendor should do so or how to return this document with the vendor’s proposal. Please clarify the State’s intent?</p>	<p>Section III Terms and Conditions. Bidders are expected to closely read the Terms and Conditions and provide a binding signature of intent to comply with the Terms and Conditions; provided, however, a bidder may indicate any exceptions to the Terms and Conditions by (1) clearly identifying the term or condition by subsection, (2) including an explanation for the bidder’s inability to comply with such term or condition which includes a statement recommending terms and conditions the bidder would find acceptable. If a bidder wishes to indicate an exception or provide an alternative, do not initial. Rejection in whole or in part of the Terms and Conditions may be cause for rejection of a bidder’s proposal.</p>
<p>4. Reference: RFP page 15, DD. Performance Bond:</p> <p>a. Will a \$200,000 performance bond be required by April 19, 2013?</p> <p>b. If multiple bidders are awarded contracts (i.e. one vendor for FSA, one for COBRA and Retiree), what will be the amount of the required performance bond?</p> <p>c. Does the incumbent FSA vendor have a performance bond in place with the State and, if so, what is the amount?</p>	<p>A Performance Bond may be required at the time of contract award.</p> <p>Each successful bidder may be required to provide a \$200,000 Performance Bond.</p> <p>Yes. The current vendor has provided a \$200,000 Performance Bond.</p>
<p>5. Reference: RFP page 22, A2: Does the State currently have performance guarantees in place with the incumbent FSA administrator? If so, can you please provide a copy?</p>	<p>No.</p>
<p>6. Reference: RFP page 23, #4 and #5: If the State selects a new FSA administrator, please specify whether the incumbent or new FSA administrator will process grace-period and run-out period claims for the Plan Year that ends 6/30/2013?</p>	<p>If a new FSA provider is awarded the contract, that provider must be prepared to process grace-period and run-out claims.</p>

QUESTIONS	ANSWERS
<p>7. Reference: RFP page 23, #6:</p> <ul style="list-style-type: none"> a. Regarding Open Enrollment, please confirm whether the State conducts its annual Open Enrollment for the FSA program or if the FSA administrator conducts it. b. Regarding enrollment for new hires and Changes in Status, please confirm whether the State handles these enrollments and how the FSA administrator is notified and provided the enrollment information? c. Please specify whether the FSA administrator is expected to provide any printed materials for the Open Enrollment? 	<p>The State currently conducts the annual open enrollment period for FSA enrollment. The FSA administrator will be required to attend an annual pre-open enrollment meeting with HR staff and be available by phone or email for questions from employees.</p> <p>The State handles new hires and status change enrollments. Eligibility files are sent to the current contractor on a weekly basis with enrollment information.</p> <p>The FSA administrator will be required to supply printed materials for the annual pre-open enrollment meeting with HR staff.</p>
<p>8. Reference: RFP page 23, C. COBRA and Retiree Project Environment:</p> <p>Please confirm whether any Retirees receive a State pension or retirement benefit from which their eligible coverage can be deducted on a monthly basis?</p>	<p>This is not currently being done.</p>
<p>9. Reference: RFP page 25, #7:</p> <p>Please specify whether the State intends for the COBRA administrator to return the 2% COBRA and Retiree premium surcharge to the State on a monthly basis, or to retain it to help defray the cost of administration?</p>	<p>The State retains the two (2) percent administration fee.</p>
<p>10. Reference: RFP page 26, D2b: Concerning the reporting requirement by Agency:</p> <ul style="list-style-type: none"> a. Please specify how many separate payroll centers will be providing enrollment, eligibility and/or payroll deduction information to the FSA administrator? b. Please confirm that the data provided by the State will include an agency code to facilitate the reporting by agency requirement? 	<p>The State will send one eligibility file, three (3) times per month, prior to each payroll.</p> <p>Agency codes will be provided to assist in reporting by agency.</p>

QUESTIONS	ANSWERS
<p>11. Reference: none in the RFP:</p> <p>Please confirm that the State is capable of supporting the implementation of all solicited services at the same time (i.e., immediately following contract award) or if the State prefers that the implementations be staggered over a longer period of time?</p>	<p>Contractor(s) will begin providing services July 1, 2013. Any period in between contract award and July 1, 2013 will be utilized to facilitate implementation of services.</p>
<p>12. Reference: RFP Attachment 4:</p> <p>a. Regarding “Per Employee Per Month (PEPM)”, please confirm this means the cost per participating employee per month and not per eligible employee per month?</p> <p>b. Regarding the PEPM pricing requirement for the COBRA and Retiree services, the majority of employees that are sent Qualifying Event notices may choose not to participate, rendering these costs unrecoverable by the selected vendor unless they are added to the cost charged for the small percentage of employees that choose to continue their COBRA or Retiree benefits.</p> <p>i. Please confirm whether, as alternatives, bidders can offer “per event” pricing for COBRA and Retiree administration or “per eligible employee” (i.e., 17,000 eligibles) pricing?</p> <p>ii. Since the COBRA and Retiree services require the “takeover” of more than 500 existing participants, please confirm that these costs are to be bundled with the ongoing “per participant” rates?</p>	<p>For FSA coverage, PEPM refers to “participating employees” per month.</p> <p>For COBRA/Retiree administration, PEPM refers to “eligible employees” per month, of which there are an estimated 16,100, as referenced in Question #1.</p> <p>Bidders are expected to submit bids based on the outline on Attachment 4.</p> <p>Applicable rates must be listed on Attachment 4. Bids, including how costs are calculated, are at the bidders’ discretion.</p>
<p>13. FSA – I see that a debit card is currently not offered. We would be able to offer our card at no additional cost to you. Also, replacement and additional cards can be ordered by participants free of charge.</p>	<p>The State will consider all valid proposals as submitted.</p>

QUESTIONS	ANSWERS
<p>14. Other set up fees – I just wanted to get an idea of any other fees you typically see with the administration of your plan (set up fees, implementation fees, annual renewal fees, etc.) We simplify our pricing so when you receive your proposal from us, the per participant per month fee is the only fee that you will see from us. We are also able to guarantee these fees for five years.</p>	<p>No other fees are required or applicable.</p>
<p>15. COBRA – Can you provide a little insight for me on your average turnover year after year? Also, the number of covered lives you currently have? This will provide us with the ability to be as competitive as possible on a per covered life basis.</p>	<p>Turnover is estimated at about 1,200 people per year.</p>
<p>16. Also, I was wondering if you were working with any consultant and/or consulting office on the RFP process that we should be aware of.</p>	<p>The State presently has a benefits consulting contract with AonHewitt.</p>
<p>17. Can you indicate the number of distinct reporting divisions or branches the State requires to be tracked and/or reported.</p>	<p>There are approximately 95 reporting divisions.</p>
<p>18. Are collected COBRA premiums and associated eligibility reported back to a single location/department at the State or multiple locations (if so, please indicate the number of various locations).</p>	<p>COBRA premiums will be submitted to one State account.</p>
<p>19. Are FSA reimbursements funded from a single account? If not, please indicate the number of accounts and any special requirements or nuances of the various accounts.</p>	<p>FSA reimbursements are funded by the State from one account.</p>
<p>20. Since the State is considering the introduction of the FSA Benefit Card, will it be able to accommodate daily ACH deductions from a designated account to cover daily Benefit Card purchases by the participants? If not, can it support a pre-fund account?</p>	<p>The State can support a daily invoice and process ACH transfers within three (3) business days.</p> <p>The State cannot support a pre-funded account.</p>
<p>21. The State has indicated approximately 1200 Qualifying Events per year. Are there approximately same number of new hires per year of does this differ? If so, please indicate that number.</p>	<p>There are approximately 1,200 new hires per year.</p>

QUESTIONS	ANSWERS
<p>22. The State indicates a 30% COBRA election rate (362 COBRA participants/1200 Qualifying Events), which is unusually high. Does the state provide some type of subsidy that encourages individuals to enroll in COBRA and if so, could you please describe. If not, could you please elaborate on why you believe your election rate is so high (compared to industry norms).</p>	<p>The State maintains approximately 500 people annually on COBRA/Retiree coverage. Of those, approximately 362 are Retirees and 151 are COBRA participants. This is not an annual percentage, but rather a running total from elections over the years.</p>
<p>23. Please confirm that the State anticipates retaining the 2% COBRA Admin fee.</p>	<p>See #9.</p>
<p>24. Are the Retiree and/or State Patrol Lifer Retiree premiums subsidized by the State? If so, please describe.</p>	<p>There is no State subsidy of any of this coverage.</p>
<p>25. Does the State have any specific limitations/restrictions surrounding the offshoring of any aspect of its benefit administration.</p>	<p>Section III., I. Contractor Responsibility - The contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the contractor's proposal, and the resulting contract. The contractor shall be the sole point of contact regarding all contractual matters.</p> <p>If the contractor intends to utilize any subcontractors' services, the subcontractors' level of effort, tasks and time allocation must be clearly defined in the contractor's proposal. The contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal, in the performance of the contract, without the prior written authorization of the State. Following execution of the contract, the contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.</p>
<p>26. Does the State endorse or support any processes or procedures that may be considered non-compliant (or questionably compliant) that might require a Hold Harmless Agreement (i.e. the use of the FSA debit card to pay Dependent Care Providers)?</p>	<p>The State does not endorse or support any processes or procedures that may be considered non-compliant.</p>

QUESTIONS	ANSWERS
27. Does the State endorse or support any processes or procedures that may unnecessarily increase its claim exposure or potential for risk (i.e. allowing COBRA Continuants the ability to pay with a credit card)?	The State currently does not support credit cards as a COBRA payment option.
28. Will the State consider other "Best Practice" alternatives to those stated in the Scope of Work document if the vendor can demonstrate advantages and administrative compliance?	Yes, bidders may offer alternative administrative options, however the provision of services must be clearly outlined in the response and must meet the RFP requirements.
29. You have indicated that you wish to receive the cost proposal on a "Per Employee Per Month (PEPM) basis." While PEPM works well for COBRA, can you please confirm that you wish to receive the fee proposal for your Retiree Bill and FSA plan on a "Per Participant Per Month (PPPM) basis"?	See #12.
30. Pg. 31 and Attachment 4, the price attachment (4) is for the yearly fixed price. Would the State permit us or prefer us to submit our monthly fees in our own format in addition to the Attachment fixed fee? As a follow up, is that annual fee considered an amount 'not to exceed'?	Attachment 4 requests costs on a per month basis, not an annualized cost.
31. Pg. 20, WW. It would seem the disaster recovery plan documentation be included after the award? Is that ok? If not, and to be included with bid, in what format and section should it be included?	The Contractor must have disaster recovery plan. The disaster recovery plan need not be included with the RFP response.
32. Pg. 10, #4. The contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements to the attention of <u>the Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl, Lincoln, NE 68508 (facsimile 402-471-2089)</u> . Should the State of Nebraska be the named insured on the certificate or another entity name?	Yes.

QUESTIONS	ANSWERS
<p>33. Pg. 25, #7 and 8. Our normal procedure is to retain the 2% administration fee received by COBRA participants to offset our administrative fees to the State. How would the State prefer the 2% be handled...a. the vendor retains or b. the 2% is collected and remitted to the state?</p>	<p>See #9.</p>
<p>34. Attachment 4, Cost Proposal- Does the state have a budgetary threshold, or 'amount not to exceed' for the COBRA and/or Retiree billing services? If so, what is it for each or combined?</p>	<p>Bidders' calculation of costs are at their discretion.</p>
<p>35. Pg. 15 DD. Performance Bond- The selected contractor <u>may</u> be required to supply a certified check or bond executed by a corporation authorized to contract surety in the State of Nebraska.....In what scenario if any would the contractor for FSA administration be required to supply a performance bond as described?</p>	<p>The State intends to require the contractor to provide a certified check or performance bond prior to the contract award.</p>
<p>36. Pg. 15 DD. Performance Bond- If the performance bond is found to be necessary by the State of Nebraska; would the State be agreeable to the vendor establishing a line of credit with a major bank and the state having the ability to draw on that line in the event of non-performance? We would actually prefer and have done so with the State of North Carolina and it represented significant savings. Would this be an acceptable scenario; a line of credit?</p>	<p>No. The State of Nebraska will not accept a line of credit in lieu of a performance bond or certified check.</p>
<p>37. Your Cost Proposal, Attachment 4 clearly requires all pricing to be on a "Per Employee Per Month" PEPM basis. Is this really what you expect on the FSA and Retiree services? Normally FSA is on a PPPM basis, which is how your current vendor appears to be pricing, and Retiree services are on a PRPM basis. If so, do we base the pricing on 17,000 employees? Just looking for clarification.</p>	<p>Please see the response to Question #12.</p>

State of Nebraska
 Request for Proposal
 Cost Proposal

Vendor Name: _____

Bidder must provide all costs on a "Per Employee Per Month" (PEPM) basis

	Initial Period	Renewal Period			
	July 1, 2013 thru June 31, 2016	July 1, 2016 thru June 31, 2017	July 1, 2017 thru June 31, 2018	July 1, 2018 thru June 31, 2019	July 1, 2019 thru June 31, 2020
Section 125 Flex Health and Dependent Care Accounts administration	_____	_____	_____	_____	_____
Optional Section 125 Flex Debit Card	_____	_____	_____	_____	_____
COBRA administration	_____	_____	_____	_____	_____
Retiree administration	_____	_____	_____	_____	_____

**State of Nebraska
Request for Proposal
COBRA and Retiree Administration and Direct Billing**

Vendor Name:

Administrative Activities	Sample Response	Vendor Explanation
Communication & Reporting		
Contractor will adhere and comply with all Federal COBRA polices and guidelines	Yes / No and Description of Service	
New COBRA Contractor Announcement Letter (provide a sample)	Yes / No and Description of Service	
Initial COBRA General Notice for New Hires (employee and spouse when required and provide a sample)	Yes / No and Description of Service	
State Notifies Contractor of Qualifying Event (provide a sample)	Yes / No and Description of Service	
Contractor Sends Out Notice and Election Form (provide a sample)	Yes / No and Description of Service	
Contractor Sends Certificate of Coverage/HIPAA Notice (provide a sample)	Yes / No and Description of Service	
Contractor Sends Notice of Unavailability of Continuation Coverage (provide a sample)	Yes / No and Description of Service	
Contractor Sends Notice of Termination of Continuation Coverage (provide a sample)	Yes / No and Description of Service	
Contractor sends monthly billing reminders and or payment coupons to Qualified Beneficiaries (provide a sample)	Yes / No and Description of Service	
Contractor sends late payment reminders to Qualified Beneficiaries (provide a sample)	Yes / No and Description of Service	
Premium collection		
Contractor Collects Monthly Payments. Identify methods for premium collections.	Yes / No and Description of Service	
<p>You can adhere to the current premium collection process that the State follows:</p> <ul style="list-style-type: none"> • Premiums are due by the first of the month in which coverage exists. • Envelope must be postmarked on or prior to the last day of the current month for the next month of coverage. • If premium is not collected by the first working day of the month, coverage is suspended. Immediately notify the State when coverage suspension is required. • If a premium is collected at any time during the month of suspension, coverage is reinstated for that month. Immediately notify the State when coverage reinstatement is required. • If no premium is collected by the end of that month, coverage is permanently terminated. Immediately notify the State when coverage termination is required. • Written notices must be sent for each action taken. 	Yes / No and Description of Service	
Contractor returns all payments that do not match the required monthly premium amount. If bidder has another method, please describe.	Yes / No and Description of Service	
Contractor Remits Payment to State broken down by plan with a detailed reconciliation by individual	Yes / No and Description of Service	

State of Nebraska
Request for Proposal
COBRA and Retiree Administration and Direct Billing

Vendor Name:

Administrative Activities	Sample Response	Vendor Explanation
Contractor will issue all notices to the participants via first class mail with proof of mailing	Yes / No and Description of Service	
Contractor maintains proof of mailings	Yes / No and Description of Service	
Direct Billing Services (COBRA & Retirees)		
Contractor will handle direct billing administration for all COBRA and Retirees	Yes / No and Description of Service	
Please indicate the integration capabilities of the direct billing services with COBRA and Retiree administration services	Yes / No and Description of Service	
State notifies Contractor of qualifying event. Please identify all notification options accepted by the Contractor	Yes / No and Description of Service	
Please describe how premium payments can be remitted to Contractor	Yes / No and Description of Service	
Contractor will communicate eligibility changes and collect all documents of the qualified change as they occur	Yes / No and Description of Service	
Interface & Communications		
Contractor Manages Open Enrollment Communications & Process for COBRA Participants (mail letters, update elections, Contractor notifications, send new coupons/invoices)	Yes / No and Description of Service	
Contractor Sends COBRA Letters to Terminated Employees with Health Care Flexible Spending Accounts and/or Employee Assistance Program	Yes / No and Description of Service	
Contractor will provide a weekly file to all related benefit State Contractors of eligible Qualified Beneficiaries	Yes / No and Description of Service	
Contractor Sends Medicare Eligibility Notifications	Yes / No and Description of Service	
Tools & Service		
Provide On-Line New Hire , Termination & Qualified Beneficiary Entry by State	Yes / No and Description of Service	
Provide On-Line Inquiry of Qualified Beneficiary Status	Yes / No and Description of Service	
Provide Customer Service call center (Identify hours of service).	Yes / No and Description of Service	
Provide Toll-Free Number to call center	Yes / No and Description of Service	
Provide monthly management reports (provide sample)	Yes / No and Description of Service	
Provide Records Retention (identify length of time)	Yes / No and Description of Service	
Implementation		
Provide an implementation time line	Yes / No and Description of Service - detail time frame needed to implement with an 7/1 effective date	

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

Administrative Activities	Sample Response	Vendor Explanation
Services		
Contractor will adhere to and comply with all Federal policies and guidelines	Yes / No and Description of Service	
Reimbursement frequency - how often are payments processed to employees	Daily, Weekly, Monthly and Description of Service	
Claims processing turnaround time - time from when a clean claim is received by Contractor to the time a payment is made to the employee. Should be within 4 business days or less	# of days and is this an average	
Mode for claims submission	Mail, Fax, Toll Free Fax, Online	
Direct deposit available (provide a sample form)	Yes / No and Description of Service	
Debit card available (optional service to be determined by the State)	Yes / No and Description of Service	
Debit card vendor and any specific debit card requirements	Vendor and card requirements	
Please indicate under what circumstances will a debit card user be asked for receipts/additional information to complete substantiation	Description of Service	
Locations that will accept the Debit Card	Provide Locations and any usage limitations at each location	
Customer service phone number for participants and hours of operation	Yes / No and Description of Service	
Account balance reflected on EOB after each claim submission	Yes / No and Description of Service	
Are EOB's sent to employees after each claims submission	Yes / No and Description of Service	
Creation and maintenance of a plan document that incorporates the State's Section 125 components including medical, dental, vision and flex.	Yes / No and Description of Service	
Creation and maintenance of an SPD and SBC	Yes / No and Description of Service	
Frequency of written communication regarding plan balance to participants and method of delivery (provide samples)	Monthly, Quarterly, etc.	
Dedicated account management (provide resumes of account team assigned to the State)	Yes / No and Description of Service	
Provide samples of available employer daily, weekly, monthly, annual management and error reports. Does this specifically include a Payroll Discrepancy report?	Sample Reports	
The State requires reporting by Agency. Confirm whether this capability is available.	Yes / No and Description of Service	
Vendor can provide Non-Discrimination Testing for the State	Yes / No and Description of Service	
Enrollment / Eligibility		

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

Administrative Activities	Sample Response	Vendor Explanation
Ability to use an identifier other than a participant's Social Security Number	Yes / No and Description of Service	
Enrollment lead time requirement	Yes / No and Description of Service	
Enrollment support at all Open Enrollment events	Yes / No and Description of Service	
Enrollment kits (provide a sample)	Yes / No and Description of Service	
Payroll stuffers/brochures (provide a sample)	Yes / No and Description of Service	
Electronic Transfers of Eligibility upon implementation and weekly thereafter.	Yes / No and Description of Service	
Will accept the State's file and record format for eligibility files sent weekly	Yes / No and Description of Service	
Ability to accommodate multiple payroll cycles (Please indicate if there is a limit)	Yes / No and Description of Service	
Ability to continue to administer flex for terminated participants with positive account balances	Yes / No and Description of Service	
Implementation		
Provide an implementation time line	Yes / No and Description of Service - detail time frame needed to implement with an 7/1 effective date	
Web Capabilities		
Interactive secure website for participants (provide screen shots)	Yes / No and Description of Service	
Online tracking of participant claims in process and completed via a secure web site (provide sample screen shots)	Yes / No and Description of Service	
Participants Account balance and each years history of claims submitted reflected on the secure website	Yes / No and Description of Service	

STATE OF NEBRASKA FLEXIBLE SPENDING ACCOUNTS

SUMMARY PLAN DESCRIPTION & EMPLOYEE ENROLLMENT GUIDE

Over-the-counter (OTC) drugs are not eligible for reimbursement through the Health Care FSA program without a doctor's prescription.

Administered By



800-659-3035
P.O. Box 6044
Columbia, MO 65205-6044

www.asiflex.com

Inside:

- ❖ **The Basics – why enroll**
- ❖ **Tax Savings Example**
- ❖ **Highlights**
- ❖ **Common Questions and Answers**
- ❖ **Plan Options and Explanations**
- ❖ **Sample Claim & Documentation**

THE BASICS OF FLEXIBLE SPENDING ACCOUNTS

What are Flexible Spending Accounts (FSA's)?

FSA's are a way to pay out-of-pocket (unreimbursed) medical expenses (Medical Reimbursement FSA) and dependent care expenses (Dependent Care FSA) on a BEFORE-TAX basis!

What Does "Before Tax" or "Pre-Tax" Mean?

FSA deductions from your paycheck are exempt from federal and state income tax and social security tax. These deductions reduce your **taxable** income reported on your W-2 and on your income tax returns.

Why Should I Participate?

The Medical Reimbursement FSA can save you up to 25% - 40% in taxes on each dollar that you spend for your share of insurance deductibles, co-pays, or items not covered by insurance. Also, the Dependent Care FSA may save you more in taxes than the day-care tax credit (filed with your federal income tax return).

Whose Expenses Qualify for these Plans?

Since these plans are authorized by the Internal Revenue Code, medical expenses of any family member who is a dependent for tax purposes qualify for the tax savings under the FSA even if they are not covered under one of the health/dental plans offered by the State. (There are age restrictions and custody restrictions for the Dependent Care FSA. See pages 9-11.)

TAX SAVINGS EXAMPLE

By electing to direct a portion of your salary through an FSA, you essentially bank your money in a TAX-FREE account. The money is used to pay for expenses that would otherwise be paid out of your take-home pay. **This example shows how an FSA could save this employee \$866 in taxes!**

	Without FSA	With FSA	Savings with FSA
Gross Income	\$25,000	\$25,000	
Expenses run through FSA	0	3,120	
Taxable Income	\$25,000	\$21,880	
Federal Tax*	2,985	2,517	468
State Income Tax	790	631	159
Social Security (FICA) Tax	1,913	1,674	239
Income After Taxes	\$19,312	\$17,058	
Expenses not run through FSA	3,120	0	
Your Spendable Income	\$16,192	\$17,058	\$866

This person could reduce their taxes by \$866 by using the FSA!!

*Estimate based on 15% Marginal Tax Bracket - single with standard deduction

Program Highlights

- **Over-the-counter drugs are no longer an eligible expense** unless you have a prescription. You must have a prescription on file for any OTC items purchased.
- **The 2012-2013 Plan Year is a fiscal plan year.** Your enrollment for the 2012-2013 plan year will provide coverage for expenses incurred from July 1, 2012 through June 30th, 2013. For Health Care FSA participants, you will be allowed the extended 2 ½ months of coverage through September 15th, 2013 to incur expenses to access funds you set aside for the plan year.

ELIGIBILITY:

Full-time & part-time permanent employees are eligible to participate in the Flexible Spending Accounts (FSA).

PLAN ADMINISTRATION:

The State of Nebraska has hired ASI to process all claims for the Flexible Spending Account program. Contact ASI if you have questions regarding claims or eligible expenses.

ASI, P. O. Box 6044, Columbia, MO 65205-6044, (800) 659-3035, email: asi@asiflex.com, www.asiflex.com

Contact the Nebraska Health and Life Benefits Office if you have questions regarding the flexible spending accounts. 310 Centennial Mall South, Lincoln, NE 68509, (402) 471-4443. Contact your Agency Human Resource Office if you have questions regarding enrollment.

ENROLLMENT:

The plan year is July 1 through June 30 of the following year. Please check with your Agency Human Resource Office or the [Options Enrollment Guide](#) to confirm the actual enrollment dates. Contact your Agency Human Resource Office for enrollment information.

New employees must enroll within 30 days of their hire date and is effective 30 days after the first of the month following date of hire.

You may also enroll during the plan year if you experience a qualifying change in status and enrollment is consistent with and on account of that status change. The election change request must be filed within 30 days of the date of the qualifying event and becomes effective on the first day of the month following the event and the approval of the change (receipt of Agency Human Resource Office). The Medical Reimbursement Account and the Dependent Care Reimbursement account have slightly different rules regarding making an election change or enrolling mid-year. Please refer to those sections.

CLAIMS PROCESSING:

- ◆ ASI of Columbia, Missouri
- ◆ Claims processed daily – typically within 1 business day of receipt
- ◆ Direct deposit & e-mail notification of reimbursements are available
- ◆ Submit claims online at <https://my.asiflex.com>

FREQUENTLY ASKED QUESTIONS



Q. IF I REDIRECT PART OF MY PAY, WON'T I MAKE LESS MONEY?

No. Your spendable income will increase by the amount of tax savings.

Q. WHY SHOULD I PARTICIPATE IN THE MEDICAL REIMBURSEMENT ACCOUNT IF I ALREADY HAVE MEDICAL INSURANCE?

The Medical Reimbursement Account offers a tax break on medical care expenses NOT reimbursed by insurance. For example, expenses for office visits, eye exams, glasses, medicine, and hospital care.

Q. HOW MUCH DOES IT COST TO BE IN THE PROGRAM?

There are no costs to you. All administrative costs of the plan are paid by the State.

Q. WHAT IS THE CATCH?

No catch. Congress approved FSA's in 1978; the Tax Reform Act of 1986 reaffirmed their legitimacy. The plans have long been in many Fortune 500 companies' benefits package. Many state governments include the plans in the employees' benefit choices.

Q. WHEN CAN I MAKE CHANGES?

You can change benefits during open enrollment (prior to the start of each calendar year) or within 30 days of a **change in status occurring after the start of the plan year**. Any change in election must be consistent with and on account of the corresponding change in status. For the specific changes allowed and the effective date of a change of election, please refer to the details about each category. If you have questions call ASI at 1-800-659-3035.

Q. WHAT IF I'M ALREADY IN THE FSA?

Participation in both accounts terminates at the end of each plan year. **You must re-enroll each year** to continue your participation.

Q. WHAT IF I DON'T USE ALL OF THE MONEY I REDIRECT FOR THE FLEX CATEGORIES?

ASI can help you estimate your allowable expenses for the plan year. However, if you do have funds remaining in your account at the end of the claims filing deadline, that amount will be retained by the State as required by federal regulations.

Q. ARE THERE ANY NEGATIVES THAT I SHOULD KNOW ABOUT?

Yes, because you are not paying social security tax on that portion of your income that has been redirected, your social security benefits may be slightly reduced. However, if you invest your tax savings, in many cases you would have more money available at retirement than the benefit you would have received from the amount not paid into social security.

Q. HOW CAN I GET ANSWERS TO OTHER QUESTIONS?

Call ASI toll free at 1-800-659-3035. A representative is available from 7 a.m. to 7 p.m. Central Time, Monday through Friday and from 9 a.m. to 1 p.m. on Saturday. You may also email ASI at asi@asiflex.com.

Q. HOW QUICKLY WILL MY CLAIMS BE PAID?

ASI will process your claim on average within one business day of receipt of the claim. Medical claims will be paid on the day processed. Dependent care claims will be paid on the day processed up to the balance in your dependent care account. Any excess dependent care claim will be paid as contributions are received from payroll. If there is a problem with your claim, ASI will notify you on the day the claim is processed either by U.S. Mail or by email.

Q. IS DIRECT DEPOSIT AVAILABLE?

Yes. You may have your claims payments sent directly to your checking, money market or savings account. ASI will send a notice of each payment to you. ASI can send this notice via Internet *email*. Email and direct deposit provide you with the fastest, safest payment method and the fastest notification method available. There is space on the enrollment form to include your bank account information and email address. You may use a State of Nebraska email address.



MEDICAL REIMBURSEMENT FSA

Estimate your family's annual out-of-pocket medical expenses. You may include expenses for anyone who will be a qualified dependent on your federal tax return (spouse, children, etc.). (There is an exception for expenses incurred for children of divorced parents. Expenses you pay to providers for medical care qualify even if you don't get the tax exemption, as long as one of the parents claim the child as a dependent for tax purposes.) Include predictable expenses only.

Enroll in the Medical Reimbursement Account. Divide your estimate by the number of pay checks you expect to receive during the plan year. Contact your Agency Human Resource Office for enrollment information.

Receive medical services. A medical expense is incurred when the services are provided that create the expense. You must receive medical services before you file a claim for those services.

File claims. After you have received the medical services and know the amount of your responsibility for the bill, you may submit a claim for those expenses to ASI.

Receive reimbursements. ASI will review your claim, and if approved will reimburse you for the medical expenses. Payments are issued within one day of their receipt of your claim.

Some important points you should remember regarding a Medical Reimbursement FSA are:

- 1. Maximum and minimum:** You may include between \$120 and \$2,500 worth of qualifying expenses for the 2013-2014 plan year (but not more than your earned income).
- 2. Your annual election cannot be changed** unless you experience a qualifying status change that results in a gain or loss of eligibility and coverage under your medical reimbursement account or a similar account of your spouse's or dependent's. Any change in election must correspond with the gain or loss of coverage. Qualifying changes in status are: a change in your legal marital status, number of dependents to be claimed on your tax return, spouse's or dependent's loss of FSA medical reimbursement coverage due to a change in his or her employment status, or if you take a leave under FMLA (Family and Medical Leave Act of 1993). Changes may also be allowed for changes in entitlement to Medicare or Medicaid, a judgment, decree or order that requires health coverage on your child resulting from a divorce, legal separation or change in legal custody. The election change request must be filed within 30 days of the date of the qualifying event and becomes effective on the first day of the month following the event and the approval of the change. Any increase in your election may include only those expenses that you expect to incur during the period of coverage subsequent to the effective date of the increase. If participation terminates due to a **separation of service and you return to employment within the same Plan Year** you must wait until the following plan year to participate/enroll in the plan. You will not be able to be reimbursed for expenses incurred after the end of the month following your last contribution for Medical Reimbursement FSA.
- 3. You may include all medical, dental and vision expenses** not covered or not reimbursed by insurance which are **incurred by the taxpayer or dependents during the Plan year** for medical care as defined in Section 213(d) of the Internal Revenue Code. **However, expenses qualify for the medical FSA based on when incurred, not when paid, and federal regulations do not allow any insurance premiums or long term care expenses to be included under the FSA.**
- 4. Expenses are eligible for payment from the Plan based on when incurred** not when paid. An expense is **incurred** when you or one of your dependents is provided with the medical care that

gives rise to the medical expense, and **not** when you are billed, charged for, or pay for the medical care.

5. Allowable expenses must be incurred during the portion of the Plan year that you were a participant. **Claims for expenses incurred during the Plan year or Grace Period (only applies to Health Care Expenses) must be filed by October 31st following the end of the Plan Year.** After that, your account will be closed and any balance remaining will be retained by the State in accordance with federal regulations.

Grace Period: If you are a Health Care participant as of June 30 of a Plan Year you may continue to incur expenses through September 15th to use any remaining funds in that Plan Year just ended. Claims for Health Care expenses incurred during this Grace Period are paid from the oldest year's funds first unless you request otherwise.

6. **If you terminate employment,** you may continue coverage under the Medical Reimbursement Account in one of the following ways:
 - A. With your consent, all or any portion of the amount due for the remainder of the plan year may be taken from the employee's final paycheck. (This method will provide the maximum tax savings benefit available through the FSA.) By paying off the annual election, you will be considered a participant through the end of the Plan Year and any claim for expenses for services provided while a participant may be paid through October 31st following the end of the Plan Year.
 - B. A participant or his/her spouse or dependent may elect to continue the coverage elected under the Medical reimbursement account even though the participant's election to receive benefits expired or was terminated, under the following circumstances:
 - 1) Death of the participant;
 - 2) Termination (other than for gross misconduct) or a change in employment status;
 - 3) Divorce or legal separation of the participant;
 - 4) A dependent child ceases to be a dependent under the terms of this plan.

When the Plan is notified that one of the events has occurred, the right to choose **continuation coverage** will be provided to each eligible person(s) if, on the date of the qualifying event, the participant's contributions to date exceed claims. The right to elect to continue ends 60 days from the date the notice of the right to continue coverage is provided by the Plan Administrator. It is the responsibility of the employee-participant or a responsible family member to inform the Plan Administrator of the occurrence of the event according continuation coverage and the election to apply for continuation coverage based upon the events described in 3 and 4 above. Continuation coverage will not extend beyond the end of the current plan year but may terminate earlier if the premiums are not paid within 30 days of their due dates. **Payments for expenses incurred during any period of continuation shall not be made until the contributions for that period are received by the State.** An administrative charge of 2% is assessed for each premium paid for continuation coverage.

7. **You must submit a completed claim form along with copies of invoices or statements** to serve as proof that you have incurred an allowable expense in order to receive payment. Statements are required to be **from the provider** stating the **date of service**, a **description of services**, the expense **amount**, the **name of the service provider** and the **person for whom the service was provided**. Copies of insurance explanations of benefits statements may be used instead of original physician bills if the date of service and charges are shown. Copies of receipts of payment, without the above, are not acceptable. Copies of personal checks are not acceptable.

Documentation or copies will not be returned. You will be provided with a supply of claim forms with your enrollment confirmation. Extra claim forms are available through your Agency Human Resource office, from the Internet web site or by contacting ASI.

Orthodontic expenses may be assumed to be incurred at the time a monthly payment is due and paid. These monthly payments must be spread out evenly over the expected period of orthodontic treatment. Therefore, claims submitted for orthodontic payments that meet the above are allowable. You may also submit a claim for a reasonable down payment of the orthodontic treatment if the down payment is made at the time the appliances are placed. Claims for payments made prior to being due or that otherwise do not meet the above requirements will not be processed. Claims for the entire fee paid at the beginning of treatment will not be processed, nor will claims for an entire year's payments made at the beginning of the year be processed. To claim orthodontic down payments, you must include a copy of the treatment contract and payment schedule along with proof of payment or a receipt of payment stating the date the braces were placed.

8. You may be paid the full amount of your claim or the balance of your annual election, whichever is less, whenever you file a qualifying claim. Payment under the Medical Reimbursement FSA is not limited to the amount in your account at the time of your claim. Your monthly contributions will continue for the remainder of the Plan year.
9. **Payments** may be made by **direct deposit** into the bank account of your choice. By using direct deposit you will not need to wait for a check to arrive or get it deposited. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by **e-mail** over the Internet. If you prefer, a check can be mailed to you instead of payment by direct deposit.
10. While on **unpaid FMLA leave** you will have the option to continue coverage under Medical Reimbursement FSA only if you make the election to do so before your FMLA leave begins. To continue participation and maintain coverage, you must pre-pay for coverage periods when you will not have deductions from your salary or pay the contributions monthly not later than the end of the month. If your contributions lapse for more than 30 days, participation in the Medical Reimbursement FSA ceases. You may elect to be reinstated upon return from FMLA leave if you elect to do so within 30 days of return to work. Your annual election will be reduced for each contribution not made and you will not be covered under Flexible Medical Benefits for services provided during the period when no contributions were made.

Women's Health Cancer Rights Act of 1998:

The Medical Reimbursement FSA, as required by the Women's Health and Cancer Rights Act of 1998, includes expenses for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema). Call (800) 659-3035 for more information.

Newborns' and Mothers' Health Protection Act of 1996:

Group health plans and health insurance issuers generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother's nor newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the Plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

**QUALIFYING
UNREIMBURSED MEDICAL
EXPENSES**

Only the portion of the expenses you owe after insurance payments can be claimed. Qualifying expenses are those which are **incurred by the taxpayer or dependents during the Plan year** for medical care as defined in Section 213(d) of the Internal Revenue Code, excluding all insurance premiums and long term care expenses. Qualifying medical care expenses include amounts incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Refer to IRS Publication 502 for additional information (www.asiflex.com). **However, expenses qualify for the medical FSA based on when incurred, not when paid, and federal regulations do not allow any insurance premiums or long-term care expenses to be included under the FSA.** Please contact ASI if you have a question on specific qualifying items. Below is a partial listing of qualified expenses. For additional information on OTC reimbursements, please refer to www.asiflex.com.

Federal healthcare legislation affects the way that your Flexible Spending Account program works. Since January 1st, 2011, you are unable to purchase over-the-counter items and get a tax break on these expenses unless you have a prescription from your medical provider.

Deductibles	Corrective eye surgery	Hearing aids including batteries
Co-pays	Prescription drugs (legal)	Transportation expenses related to illness
Doctor's fees	Insulin	Chiropractor's fees
Dental expenses	Orthodontia (braces)	OTC medicines & drugs (must have a prescription)
Vision care expenses	Routine physicals	
Prescription glasses	Medical equipment	
Contact lenses and solutions		

**NON-QUALIFYING
UNREIMBURSED MEDICAL
EXPENSES**

Cosmetic procedures; e.g. face-lifts, skin peeling, teeth whitening, veneers, hair replacement, removal of spider veins.

*These do **not** generally qualify. For a medically necessary cosmetic procedure, enclose a note with the claim stating the existing medical condition and why the treatment is required*

Clip-on or non-prescription sunglasses.

Toiletries.

Expenses that are merely beneficial to your general health (e.g., vacations and vitamins).

Herbs, vitamins & nutritional supplements.



MEDICAL EXPENSE PLANNING WORKSHEET

This worksheet will help you determine the dollar amount you will spend for medical expenses during the upcoming plan year. **Don't forget that expenses for any of your tax dependents are eligible for your employer's FSA program, even if they aren't on your employer's medical insurance programs.**

A more detailed list of eligible expenses is available at www.asiflex.com.

UNREIMBURSED MEDICAL EXPENSES

Annual Estimate

Medical Expenses not covered by Insurance

Deductibles, co-pays, coinsurance	\$ _____
Physician visits/routine exams	\$ _____
Prescription drugs	\$ _____
Diabetic supplies	\$ _____
Annual physicals	\$ _____
Chiropractic treatments	\$ _____
Eligible over-the-counter medicines/drugs	\$ _____
Other: _____	\$ _____

Subtotal Medical Expenses \$ _____

Dental Expenses not covered by Insurance

Checkups/cleanings	\$ _____
Fillings	\$ _____
Root canals	\$ _____
Crowns/Bridges/Dentures	\$ _____
Oral surgery	\$ _____
Orthodontia (please contact ASIFlex for details)	\$ _____
Other: _____	\$ _____

Subtotal Dental Expenses \$ _____

Vision/Hearing Expenses not covered by Insurance

Exams	\$ _____
Eyeglasses	\$ _____
Prescription sunglasses	\$ _____
Contact lenses & cleaning solutions	\$ _____
Corrective eye surgery (LASIK, cataract, etc.)	\$ _____
Hearing exams and hearing aids (and batteries)	\$ _____

Subtotal Vision/Hearing \$ _____

Total Medical Expenses \$ _____



DEPENDENT CARE FSA

Estimate your total dependent care expenses for the year. Include predictable expenses only.

Enroll in the Dependent Care Reimbursement Account. Divide your estimate by the number of pay checks you expect to receive during the plan year. Contact your Agency Human Resource Office for enrollment information.

Receive dependent care services. Dependent care expenses are incurred when the day care is provided. You must receive the dependent care services before you file a claim for those services.

File claims. After you have received the dependent care services, you may submit a claim for those expenses to ASI.

Receive reimbursements. ASI will review your claim, and if approved will reimburse you. Payments are issued within one day of their receipt of your claim up to the amount you have on deposit in your account. If your claim exceeds your available funds, the difference will be recorded and paid as funds become available from payroll.

Some important points you should remember regarding a Dependent Care FSA are:

1. You and your spouse together may include **up to \$5,000** (a maximum of \$416.66 per pay month) per calendar year (**\$2,500** in the case of a married individual filing a separate tax return for the plan year) or the lesser of your (after subtracting all FSA deductions) or your spouse's earned income for the plan year. In the case of a spouse who is a full-time student at an educational institution or is physically or mentally incapable of caring for himself or herself, such spouse shall be deemed to have earned income of \$200 per month if you have one dependent and \$400 per month if you have two or more dependents.
2. You may include only those child/dependent care expenses that you incur in order for you and your spouse to be gainfully employed. Only expenses incurred for care and well-being qualify for this tax break (education related sports camps, summer school and private school expenses, food and transportation do not). **Child support payments are not allowable.** Day camp fees incurred in order for you to work are allowable but overnight camps are not. Please refer to page 11 and IRS Publication 503 for further details on qualifying expenses. You may link to this publication from ASI's website.
3. Expenses are eligible for payment from the Plan based on when **incurred** not when paid. Expenses are **incurred** when your dependent is provided with the care that gives rise to the expenses, and **not** when you are billed, charged for, or pay for the care.
4. **Your annual election cannot be changed** unless you experience a qualifying status change that results in a gain or loss of eligibility and coverage under your Dependent Care FSA or a similar account of your spouse's or dependent's or if you change dependent care providers (including school). Qualifying changes in status are: a change in your legal marital status, number of dependents eligible for dependent coverage due to a change in employment status, or if you take a leave under FMLA. Any change in election must correspond with the gain or loss of coverage, the significant change in cost from one provider to another (as long as the provider is not a relative), or a qualified court order. The election change request must be filed within 30 days of the date of the qualifying event and becomes effective on the first day of the month following the event and the approval of the change. Any increase in your election may include only those expenses that you expect to incur during the period of coverage subsequent to the effective date

of the increase. A new provider can include someone whom you do not pay to provide care such as a school or relative.

5. Day care expenses are limited to care for children **under age 13**, for whom you have more than 50% custody, or for a spouse or dependent who is physically or mentally incapable of caring for himself or herself, who lives in your home at least 8 hours each day.
6. The expenses may not be paid to a child of yours who is under the age of 19 at the end of the year in which the expenses are incurred or to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.
7. Reimbursable **expenses must be incurred** during the portion of the Plan year **after you become a participant**. You must file claims for expenses that you incurred during the Plan year by **October 31st** following the end of the Plan Year. After that your account will be closed and any balance remaining will be retained by the State in accordance with federal regulations.
8. If you **terminate employment**, you may continue to file claims for qualifying expenses incurred during the plan year until you have been reimbursed the balance in your account.

If participation terminates due to a **separation of service and you return to employment within the same Plan Year** you must wait until the following plan year to participate/enroll in the plan.

9. **You must submit a completed claim** form along with **copies** of invoices or statements **from the provider** to serve as proof that you have incurred an allowable expense in order to receive payment. Statements are **required to include**, the **provider's name**, the **date(s) of service**, a **description of the services**, and the expense **amount**. Copies of personal checks and paid receipts, without the above information, are not acceptable. Documentation or copies will not be returned. You will be provided with a supply of claim forms with your enrollment confirmation. Extra claim forms are available from your payroll/personnel office, by contacting ASI or over the Internet at www.asiflex.com. In lieu of providing the above documentation, you may have the provider complete the dependent care section of the claim form and sign on the line provided.
10. **Payments** may be made by **direct deposit** into the bank account of your choice. By using direct deposit you will not need to wait for a check to arrive or get it deposited. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by **e-mail** over the Internet. If you prefer, a check can be mailed to you instead of payment by direct deposit.
11. The tax identification number or Social Security number of the child/dependent care provider must be listed on your federal income tax return. Please check with your child care provider (**before** enrolling in this category) to be sure that you are able to obtain their tax identification number or their Social Security number.
12. This category is an alternative to taking a "Tax Credit" allowed with your tax filing each year. You may receive a tax break on your expenses, but you must choose whether to use the "Tax Credit" or the "FSA". The IRS will not allow you to receive two tax breaks on the same expenses.
 - "Tax Credit" is allowed for child/dependent care expenses of up to \$4,800 per year for two or more dependents (\$2,400 per year for one dependent). You can file for the "tax credit" on your annual tax return, at the end of the year. The credit is an amount equal to your dependent care expenses multiplied by a percentage determined by your combined adjusted gross income. The percentage decreases from a high of 30% to a low of 20% as your income increases.

- “Dependent Care FSA” allows a tax break on up to \$5,000 per year, \$2,500 if married filing separately, for any number of dependents; one, two, or more. You will experience “tax savings” throughout the year with every paycheck you receive. Employees who pay the lowest federal tax bracket of 15%, state taxes of approximately 6% and Social Security taxes of 7.65% would save around 28% of expenses through the FSA. As their federal tax percentage rises, they would receive an even higher tax break by utilizing the FSA.

Generally those employees with a combined income over \$0,000 or who spend more than \$3,000 for care for one person in care would have a higher percentage tax break through the FSA. All other employees generally would receive a higher percentage tax break utilizing the Tax Credit. Please contact your tax advisor if you have questions about what is best for you.

- 13. You are required to file Schedule 2** with your IRS Form 1040A or **Form 2441** with your IRS Form 1040 to support the amount redirected for the plan year. Please note that this is for informational purposes. You will not pay taxes on the redirected amount. Payments made to you under this category are not taxable, but the amount redirected will appear on your W-2 form. This will inform the IRS that you have received a tax break on that expense through the FSA.
 - 14. Participants on leave (paid or unpaid) under FMLA (Family and Medical Leave Act of 1993) or LWOP are entitled to terminate coverage during the leave and reinstate coverage immediately on return to work. Such reinstatement must be made within 30 days of returning to work. Dependent care expenses incurred while on FMLA/LWOP are ineligible to be reimbursed by the FSA.**
-
-

**QUALIFYING DEPENDENT
CARE EXPENSES**

Expenses necessary for you to be gainfully employed:

Expenses paid to a dependent care center or “babysitter”.

Expenses paid for care of a child or dependent under age 13.

Expenses paid for care of a dependent who is physically or mentally incapable of caring for herself or himself who spends at least 8 hours each day in your home. (See www.asiflex.com for specifics on qualified dependents.)

**NON-QUALIFYING
DEPENDENT
CARE EXPENSES**

Care while you are not working or not looking for work.

Care for child for whom you have 50% or less legal custody.

Care for child age 13 or older who is not disabled.

Overnight care or camps.

Kindergarten, instructional or sport specific camps; e.g. Ballet camp, soccer camp, summer school.

Any separately billed charges for transportation, activity fees, food, clothing, etc.

**WORKSHEET
DEPENDENT CARE FSA**

CHILD/DEPENDENT CARE REIMBURSEMENT ACCOUNT

- Annual payment to a child/dependent care facility or individual \$ _____
- Annual payment to other qualifying care providers \$ _____

Total Annual Estimated Child/Dependent Care Expenses \$ _____

My taxable wages will be reduced by the following amount each pay period:

_____ x _____ = \$ _____
Per Pay Period (no. of pay Annual Dependent Care FSA Amount
Redirection pds. per yr.) (at least \$72, not more than \$5,000)

Claim Submission and Filing Instructions

Claim Submission Options: There are three different methods by which you may submit your claim.

- **Online:**

Submitting your claim online is easy and convenient! Go to <https://my.asiflex.com>.

In order to submit your claim via ASIFlex's secure online portal, you will need the following:

- Your account user credentials (User Name, Password and Security Image). If you have not yet set up your credentials, you will need your PIN (provided to you in your welcome packet and in each account summary statement). If you do not have your PIN, you may call Customer Service at (800) 659-3035.
- Access to a scanner so that you may scan your documentation as a PDF. You will be requested to upload the documentation after you complete the online claim.

- **Toll-free fax:**

(877) 879-9038

This option provides fast and easy claims submission. You may submit your claim via ASIFlex's toll-free fax number 24 hours a day, 7 days a week.

- **US Mail:**

ASIFlex, P.O. Box 6044, Columbia, MO 65205

Claim Filing Guidelines:

- Clearly print your name, address, social security number (or EID as appropriate) and your employer's name.
- List expenses and arrange the supporting documentation in the same order.
- Enclose required documentation.

IRS Documentation Requirements:

Each item claimed must be supported with proper documentation, including each of the following five (5) essential pieces of information. Your claim will not be processed without the following information:

1. Name of the provider or merchant (medical or dependent care)
2. Name of the person, or persons receiving the service or care
3. Date or range of dates of service or care
4. Cost of the service, not just the amount paid
5. Description of the service or care

Without a description of the service or care provided, your claim will be denied. **Credit card receipts, cancelled checks and billing statements without detailed service information are not substantial documentation and will not be accepted.** The description of the service or care can be as generic as "copay" or "office visit". If the description of the service is not listed on the receipt* provided from your service or care provider, the provider may write the description on the receipt.

*Please note if a receipt is not available for dependent/elder care expenses, you may have the care provider sign and date the claim form in the appropriate area instead of providing a receipt.

- **Sign** the claim form. Claim forms that are not signed will not be accepted.
- Keep copies of each receipt and claim form for tax purposes (Dependent/Elder Care FSA participants must file IRS Form 2441 each year with tax return). Keep in mind that you will need the provider's tax ID or Social Security Number when you file your taxes.
- Submit completed claim form and supporting documentation to ASIFlex.

**State of Nebraska (State Purchasing Bureau)
REQUEST FOR PROPOSAL FOR
CONTRACTUAL SERVICES FORM**

RETURN TO:
State Purchasing Bureau
301 Centennial Mall South, 1st Fl
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Phone: 402-471-2401
Fax: 402-471-2089

SOLICITATION NUMBER	RELEASE DATE
RFP 4292 Z1	March 12, 2013
OPENING DATE AND TIME	PROCUREMENT CONTACT
April 1, 2013 2:00 p.m. Central Time	Mary Lanning/Michelle Musick

This form is part of the specification package and must be signed and returned, along with proposal documents, by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau, is issuing this Request for Proposal, RFP Number 4292 Z1 for the purpose of selecting a qualified contractor to provide Flexible Spending Account and COBRA and Retiree Benefits Services.

Written questions are due no later than March 20, 2013, and should be submitted via e-mail to matpurch.dasmat@nebraska.gov. Written questions may also be sent by facsimile to (402) 471-2089.

Bidder should submit one (1) original and six (6) copies of the entire proposal. In the event of any inconsistencies among the proposals, the language contained in the original proposal shall govern. Proposals must be submitted by the proposal due date and time.

PROPOSALS MUST MEET THE REQUIREMENTS OUTLINED IN THIS REQUEST FOR PROPOSAL TO BE CONSIDERED VALID. PROPOSALS WILL BE REJECTED IF NOT IN COMPLIANCE WITH THESE REQUIREMENTS.

1. Sealed proposals must be received in State Purchasing by the date and time of proposal opening indicated above. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2. This form "REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES" MUST be manually signed, in ink, and returned by the proposal opening date and time along with bidder's proposal and any other requirements as specified in the Request for Proposal in order to be considered for an award.
3. It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows:
<http://www.das.state.ne.us/materiel/purchasing/>
4. It is understood by the parties that in the State of Nebraska's opinion, any limitation on the contractor's liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section 3, and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied with the contractor's bid or in the final contract.

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request For Proposal For Contractual Services form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions (see Section III) and certifies bidder maintains a drug free work place environment.

FIRM: _____

COMPLETE ADDRESS: _____

TELEPHONE NUMBER: _____ FAX NUMBER: _____

SIGNATURE: _____ DATE: _____

TYPED NAME & TITLE OF SIGNER: _____

TABLE OF CONTENTS

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM.....	i
TABLE OF CONTENTS.....	ii
GLOSSARY OF TERMS.....	iv
I. SCOPE OF THE REQUEST FOR PROPOSAL	1
A. SCHEDULE OF EVENTS	1
II. PROCUREMENT PROCEDURES	2
A. PROCURING OFFICE AND CONTACT PERSON.....	2
B. GENERAL INFORMATION.....	2
C. COMMUNICATION WITH STATE STAFF.....	2
D. WRITTEN QUESTIONS AND ANSWERS.....	3
E. ORAL INTERVIEWS/PRESENTATIONS AND/OR DEMONSTRATIONS.....	3
F. SUBMISSION OF PROPOSALS	4
G. PROPOSAL OPENING.....	4
H. LATE PROPOSALS.....	4
I. REJECTION OF PROPOSALS.....	4
J. EVALUATION OF PROPOSALS	5
K. EVALUATION COMMITTEE	5
L. MANDATORY REQUIREMENTS	5
M. REFERENCE CHECKS	6
N. SECRETARY OF STATE/TAX COMMISSIONER REGISTRATION REQUIREMENTS	6
O. VIOLATION OF TERMS AND CONDITIONS	6
III. TERMS AND CONDITIONS	7
A. GENERAL.....	7
B. AWARD.....	7
C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION	8
D. PERMITS, REGULATIONS, LAWS	8
E. OWNERSHIP OF INFORMATION AND DATA.....	8
F. INSURANCE REQUIREMENTS	8
G. COOPERATION WITH OTHER CONTRACTORS	10
H. INDEPENDENT CONTRACTOR	10
I. CONTRACTOR RESPONSIBILITY	10
J. CONTRACTOR PERSONNEL.....	11
K. STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION	11
L. CONFLICT OF INTEREST	11
M. PROPOSAL PREPARATION COSTS	12
N. ERRORS AND OMISSIONS.....	12
O. BEGINNING OF WORK.....	12
P. ASSIGNMENT BY THE STATE	12
Q. ASSIGNMENT BY THE CONTRACTOR.....	12
R. DEVIATIONS FROM THE REQUEST FOR PROPOSAL.....	12
S. GOVERNING LAW	12

T.	ATTORNEY'S FEES	12
U.	ADVERTISING.....	13
V.	STATE PROPERTY.....	13
W.	SITE RULES AND REGULATIONS.....	13
X.	NOTIFICATION.....	13
Y.	EARLY TERMINATION.....	14
Z.	FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS.....	14
AA.	BREACH BY CONTRACTOR.....	15
BB.	ASSURANCES BEFORE BREACH.....	15
CC.	PENALTY.....	15
DD.	PERFORMANCE BOND.....	15
EE.	FORCE MAJEURE.....	15
FF.	PROHIBITION AGAINST ADVANCE PAYMENT.....	16
GG.	PAYMENT.....	16
HH.	INVOICES.....	16
II.	AUDIT REQUIREMENTS.....	16
JJ.	TAXES.....	16
KK.	INSPECTION AND APPROVAL.....	16
LL.	CHANGES IN SCOPE/CHANGE ORDERS.....	17
MM.	SEVERABILITY.....	17
NN.	CONFIDENTIALITY.....	17
OO.	PROPRIETARY INFORMATION.....	17
PP.	CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING.....	18
QQ.	PRICES.....	18
RR.	BEST AND FINAL OFFER.....	19
SS.	ETHICS IN PUBLIC CONTRACTING.....	19
TT.	INDEMNIFICATION.....	19
UU.	NEBRASKA TECHNOLOGY ACCESS STANDARDS.....	20
VV.	ANTITRUST.....	20
WW.	DISASTER RECOVERY/BACK UP PLAN.....	20
XX.	TIME IS OF THE ESSENCE.....	20
YY.	RECYCLING.....	20
ZZ.	DRUG POLICY.....	20
AAA.	NEW EMPLOYEE WORK ELIGIBILITY STATUS.....	21
BBB.	CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY.....	21
IV.	PROJECT DESCRIPTION AND SCOPE OF WORK.....	22
A.	PROJECT OVERVIEW.....	22
B.	FLEXIBLE SPENDING ACCOUNTS PROJECT ENVIRONMENT.....	22
C.	COBRA AND RETIREE PROJECT ENVIRONMENT.....	23
D.	PROJECT REQUIREMENTS.....	26
V.	PROPOSAL INSTRUCTIONS.....	27
A.	TECHNICAL PROPOSAL.....	27
B.	COST PROPOSAL REQUIREMENTS.....	31
	Form A Bidder Contact Sheet.....	32

GLOSSARY OF TERMS

Acceptance Test Procedure: Benchmarks and other performance criteria, developed by the State of Nebraska or other sources of testing standards, for measuring the effectiveness of products or services and the means used for testing such performance.

Addendum: Something added or deleted.

Agency: Any state agency, board, or commission other than the University of Nebraska, the Nebraska State colleges, the courts, the Legislature, or any officer or agency established by the Constitution of Nebraska.

Agent: A person authorized by a superior or organization to act on their behalf.

Amend: To alter or change by adding, subtracting, or substituting. A contract can be amended only by the parties participating in the contract. A written contract can only be amended in writing.

Amendment: Written correction or alteration.

Appropriation: Legislative authorization to expend public funds for a specific purpose. Money set apart for a specific use.

Award: All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State.

Best and Final Offer (BAFO): A second-stage bid in a public procurement for services.

Bid: The executed document submitted by a bidder in response to a Request for Proposal.

Bid Bond: A bond given by a surety on behalf of the bidder to ensure that the bidder will enter into the contract as bid and is retained by the State from the date of the bid opening to the date of contract signing.

Bidder: Any person or entity submitting a competitive bid response to a solicitation.

Business: Any corporation, partnership, individual, sole proprietorship, joint-stock company, joint venture, or any other private legal entity.

Business Day: Any weekday, excepting public holidays.

Calendar Day: Every day shown on the calendar; Saturdays, Sundays and State/Federal holidays included. Not to be confused with "Work Day".

Collusion: A secret agreement or cooperation between two or more persons or entities to accomplish a fraudulent, deceitful or unlawful purpose.

Competition: The process by which two or more vendors vie to secure the business of a purchaser by offering the most favorable terms as to price, quality, delivery and/or service.

Confidential Information: Unless otherwise defined below, “Confidential Information” shall also mean proprietary trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Nebraska Attorney General Opinions 92068 and 97033, proof that information is proprietary requires identification of specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would provide.

Contract: An agreement between two or more persons to perform a specific act or acts.

Contract Administration: The Management of various facets of contracts to assure that the contractors total performance is in accordance with the contractual commitments and obligations to the purchaser are fulfilled.

Contract Management: Includes reviewing and approving of changes, executing renewals, handling disciplinary actions, adding additional users, and any other form of action that could change the contract.

Contractor: Any person or entity that supplies goods and/or services.

Conversion Period: A period of time not to exceed six (6) months, during which the State converts to a new Operating System under “Conversion” as per this RFP.

Copyright: A grant to a writer/artist that recognizes sole authorship/creation of a work and protects the creator’s interest(s) therein.

CPU: Any computer or computer system that is used by the State to store, process, or retrieve data or perform other functions using Operating Systems and applications software.

Critical Program Error: Any Program Error, whether or not known to the State, which prohibits or significantly impairs use of the Licensed Software as set forth in the documentation and intended in the contract.

Default: The omission or failure to perform a contractual duty.

Deviation: Any proposed change(s) or alteration(s) to either the contractual language or deliverables within the scope of this Request for Proposal.

Documentation: The user manuals and any other materials in any form or medium customarily provided by the contractor to the users of the Licensed Software which will provide the State with sufficient information to operate, diagnose, and maintain the Licensed Software properly, safely, and efficiently.

Evaluation Committee: A committee (or committees) appointed by the requesting agency that advises and assists the procuring office in the evaluation of proposals.

Evaluation of Proposal: The process of examining a proposal after opening to determine the bidder’s responsibility, responsiveness to requirements, and to ascertain other characteristics of the proposal that relate to determination of the successful bidder.

Extension: A provision, or exercise of a provision, of a contract that allows a continuance of the contract (at the option of the State of Nebraska) for an additional time according to contract conditions. Not to be confused with “Renewals.”

F.O.B. Destination: Free on Board. The delivery charges have been included in the quoted price and prepaid by the vendor. Vendor is responsible for all claims associated with damages during delivery of product.

Foreign Corporation: A foreign corporation is a corporation that was formed (i.e. incorporated) in another state but transacting business in Nebraska pursuant to a certificate of authority issued by the Nebraska Secretary of State.

Installation Date: The date when the procedures described in “Installation by Contractor, and Installation by State”, as found in the RFP, are completed.

Late Proposal: A proposal received at the place specified in the solicitation after the date and time designated for all proposals to be received.

Licensed Software: Any and all software and documentation by which the State acquires or is granted any rights under the contract.

LIFER: A Retired State Patrol Trooper, (and his or her spouse if covered under the State’s Health Plan at the time of the employee’s retirement) who was hired prior to 1983.

Mandatory: Required, compulsory or obligatory.

May: Denotes discretion.

Module: A collection of routines and data structures that perform a specific function of the Licensed Software.

Must: Denotes the imperative, required, compulsory or obligatory.

Opening Date: Specified date and time for the public opening of received, labeled and sealed formal proposals. Not to be confused with “Release Date”.

Operating System: The control program in a computer that provides the interface to the computer hardware and peripheral devices, and the usage and allocation of memory resources, processor resources, input/output resources, and security resources.

Outsourcing: Acquiring computing or related services from a source outside of the State of Nebraska which may include programming and/or executing the State’s Licensed Software on the State’s CPU’s, programming, and/or executing the State’s programs and Licensed Software on the contractor’s CPU’s or any mix thereof.

Outsourcing Company: A company that provides Outsourcing Services under contract to the State.

Performance Bond: A bond given by a surety on behalf of the contractor to ensure the timely and proper (in sole estimation of the State) performance of a contract.

Platform: A specific hardware and Operating System combination that is different from other hardware and Operating System combinations to the extent that a different version of the Licensed Software product is required to execute properly in the environment established by such hardware and Operating System combination.

Pre-Proposal Conference: A meeting scheduled for the purpose of providing clarification regarding a Request for Proposal and related expectations.

Product: A module, a system, or any other software-related item provided by the contractor to the State.

Program Error: Code in Licensed Software which produces unintended results or actions, or which produces results or actions other than those described in the specifications. A program error includes, without limitation, any "Critical Program Error."

Program Set: The group of programs and products, including the Licensed Software specified in the RFP, plus any additional programs and products licensed by the State under the contract for use by the State.

Project: The total of all software, documentation, and services to be provided by the contractor under this contract.

Proposal: The executed document submitted by a bidder in response to a Request for Proposal.

Proprietary Information: Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, proof that information is proprietary requires identification of specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive.

Protest: A complaint about a governmental action or decision related to a Request for Proposal or the resultant contract, brought by a prospective bidder, a bidder, a contractor, or other interested party to AS Materiel Division or another designated agency with the intention of achieving a remedial result.

Public Proposal Opening: The process of opening proposals, conducted at the time and place specified in the Request for Proposal, and in the presence of anyone who wishes to attend.

Recommended Hardware Configuration: The data processing hardware (including all terminals, auxiliary storage, communication, and other peripheral devices) to the extent utilized by the State as recommended by the contractor.

Release Date: Date of release of the Request for Proposal to the public for submission of proposal responses. Not to be confused with "Opening Date".

Renewal: Continuance of a contract for an additional term after a formal signing by the parties.

Representative: Includes an agent, an officer of a corporation or association, a trustee, executor or administrator of an estate, or any other person legally empowered to act for another.

Request for Proposal (RFP): All documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals.

Responsible Bidder: A bidder who has the capability in all respects to perform fully all requirements with integrity and reliability to assure good faith performance.

Responsive Bidder: A bidder who has submitted a bid which conforms in all respects to the solicitation document.

Shall: Denotes the imperative, required, compulsory or obligatory.

Should: Indicates an expectation.

Solicitation: The process of notifying prospective bidders or offerors that the State of Nebraska wishes to receive proposals for furnishing services. The process may consist of public advertising, posting notices, or mailing Request for Proposals and/or Request for Proposal announcement letter to prospective bidders, or all of these.

Solicitation Document: Request for Proposal.

Specifications: The information provided by or on behalf of the contractor that fully describes the capabilities and functionality of the Licensed Software as set forth in any material provided by the contractor, including the documentation and User's Manuals described herein.

System: Any collection or aggregation of two (2) or more Modules that is designed to function, or is represented by the contractor as functioning or being capable of functioning as an entity.

Termination: Occurs when either party pursuant to a power created by agreement or law puts an end to the contract. All obligations which are still executory on both sides are discharged but any right based on prior breach or performance survives.

Trademark: A distinguishing sign, symbol, mark, word, or arrangement of words in the form of a label or other indication, that is adopted and used by a manufacturer or distributor to designate its particular goods and which no other person has the legal right to use.

Trade Secret: Information, including, but not limited to, a drawing, formula, pattern, compilation, program, device, method, technique, code, or process that; (a) derives independent economic value, actual or potential, from not being known to, and not being ascertainable by proper means, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (see Neb. Rev. Stat. §87-502(4)).

Upgrade: Any improvement or change in the Software that improves or alters its basic function.

Vendor: An actual or potential contractor; a contractor.

Will: Denotes the imperative, required, compulsory or obligatory.

I. SCOPE OF THE REQUEST FOR PROPOSAL

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau (hereafter known as State Purchasing Bureau), is issuing this Request for Proposal, RFP Number 4292 Z1 for the purpose of selecting a qualified contractor to provide Flexible Spending Account and COBRA and Retiree Benefits Services.

A contract resulting from this Request for Proposal will be issued for a period of three (3) years effective July 1, 2013 through June 30, 2016, with the option to renew for four (4) additional one (1) year periods as mutually agreed upon by all parties.

ALL INFORMATION PERTINENT TO THIS REQUEST FOR PROPOSAL CAN BE FOUND ON THE INTERNET AT: <http://www.das.state.ne.us/materiel/purchasing/rfp.htm>

A. SCHEDULE OF EVENTS

The State expects to adhere to the tentative procurement schedule shown below. It should be noted, however, that some dates are approximate and subject to change.

ACTIVITY		DATE/TIME
1.	Release Request for Proposal	March 12, 2013
2.	Last day to submit written questions	March 20, 2013
3.	State responds to written questions through Request for Proposal "Addendum" and/or "Amendment" to be posted to the Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	March 27, 2013
4.	Proposal opening Location: Nebraska State Office Building State Purchasing Bureau 301 Centennial Mall South, Mall Level Lincoln, NE 68508	April 1, 2013 2:00 PM Central Time
5.	Review for conformance of mandatory requirements	April 1 2013
6.	Evaluation period	April 1, 2013 – April 10, 2013
7.	"Oral Interviews/Presentations and/or Demonstrations" (if required)	TBD
8.	Post "Letter of Intent to Contract" to Internet at: http://www.das.state.ne.us/materiel/purchasing/rfp.htm	April 12, 2013
9.	Performance bond submission	April 19, 2013
10.	Contract award	April 30, 2013
11.	Contractor start date	July 1, 2013

II. PROCUREMENT PROCEDURES

A. PROCURING OFFICE AND CONTACT PERSON

Procurement responsibilities related to this Request for Proposal reside with the State Purchasing Bureau. The point of contact for the procurement is as follows:

Name: Mary Lanning/Michelle Musick
Agency: State Purchasing Bureau
Address: 301 Centennial Mall South, Mall Level
Lincoln, NE 68508

OR

Address: P.O. Box 94847
Lincoln, NE 68509
Telephone: 402-471-2401
Facsimile: 402-471-2089
E-Mail: matpurch.dasmat@nebraska.gov

B. GENERAL INFORMATION

The Request for Proposal is designed to solicit proposals from qualified vendors who will be responsible for providing Flexible Spending Account and COBRA and Retiree Benefits Services at a competitive and reasonable cost. Proposals that do not conform to the mandatory items as indicated in the Request for Proposal will not be considered.

Proposals shall conform to all instructions, conditions, and requirements included in the Request for Proposal. Prospective bidders are expected to carefully examine all documentation, schedules and requirements stipulated in this Request for Proposal, and respond to each requirement in the format prescribed.

A fixed-price contract will be awarded as a result of this proposal. In addition to the provisions of this Request for Proposal and the awarded proposal, which shall be incorporated by reference in the contract, any additional clauses or provisions required by the terms and conditions will be included as an amendment to the contract.

C. COMMUNICATION WITH STATE STAFF

From the date the Request for Proposal is issued until a determination is announced regarding the selection of the contractor, contact regarding this project between potential contractors and individuals employed by the State is restricted to only written communication with the staff designated above as the point of contact for this Request for Proposal.

Once a contractor is preliminarily selected, as documented in the intent to contract, that contractor is restricted from communicating with State staff until a contract is signed. Violation of this condition may be considered sufficient cause to reject a contractor's proposal and/or selection irrespective of any other condition.

The following exceptions to these restrictions are permitted:

1. written communication with the person(s) designated as the point(s) of contact for this Request for Proposal or procurement;
2. contacts made pursuant to any pre-existing contracts or obligations; and

3. State-requested presentations, key personnel interviews, clarification sessions or discussions to finalize a contract.

Violations of these conditions may be considered sufficient cause to reject a bidder's proposal and/or selection irrespective of any other condition. No individual member of the State, employee of the State, or member of the Evaluation Committee is empowered to make binding statements regarding this Request for Proposal. The buyer will issue any clarifications or opinions regarding this Request for Proposal in writing.

D. WRITTEN QUESTIONS AND ANSWERS

Any explanation desired by a bidder regarding the meaning or interpretation of any Request for Proposal provision must be submitted in writing to the State Purchasing Bureau and clearly marked "RFP Number 4292 Z1; Flexible Spending Account and COBRA and Retiree Benefits Services Questions". It is preferred that questions be sent via e-mail to matpurch.dasmat@nebraska.gov. Questions may also be sent by facsimile to 402-471-2089, but must include a cover sheet clearly indicating that the transmission is to the attention of Mary Lanning/Michelle Musick, showing the total number of pages transmitted, and clearly marked "RFP Number 4292 Z1; Flexible Spending Account and COBRA and Retiree Benefits Services Questions".

Written answers will be provided through an addendum to be posted on the Internet at <http://www.das.state.ne.us/materiel/purchasing/rfp.htm> on or before the date shown in the Schedule of Events.

E. ORAL INTERVIEWS/PRESENTATIONS AND/OR DEMONSTRATIONS

The Evaluation Committee(s) may conclude after the completion of the Technical and Cost Proposal evaluation that oral interviews/presentations and/or demonstrations are required in order to determine the successful bidder. All bidders may not have an opportunity to interview/present and/or give demonstrations; the State reserves the right to select only the top scoring bidders to present/give oral interviews in its sole discretion. The scores from the oral interviews/presentations and/or demonstrations will be added to the scores from the Technical and Cost Proposals. The presentation process will allow the bidders to demonstrate their proposal offering, explaining and/or clarifying any unusual or significant elements related to their proposals. Bidders' key personnel may be requested to participate in a structured interview to determine their understanding of the requirements of this proposal, their authority and reporting relationships within their firm, and their management style and philosophy. Bidders shall not be allowed to alter or amend their proposals. Only representatives of the State and the presenting bidders will be permitted to attend the oral interviews/presentations and/or demonstrations.

Once the oral interviews/presentations and/or demonstrations have been completed the State reserves the right to make a contract award without any further discussion with the bidders regarding the proposals received.

Detailed notes of oral interviews/presentations and/or demonstrations may be recorded and supplemental information (such as briefing charts, et cetera) may be accepted; however, such supplemental information shall not be considered an amendment to a bidders' proposal. Additional written information gathered in this manner shall not constitute replacement of proposal contents.

Any cost incidental to the oral interviews/presentations and/or demonstrations shall be borne entirely by the bidder and will not be compensated by the State.

F. SUBMISSION OF PROPOSALS

The following describes the requirements related to proposal submission, proposal handling and review by the State.

To facilitate the proposal evaluation process, one (1) original, clearly identified as such, and six (6) copies of the entire proposal should be submitted. The copy marked "original" shall take precedence over any other copies, should there be a discrepancy. Proposals must be submitted by the proposal due date and time. A separate sheet must be provided that clearly states which sections have been submitted as proprietary or have copyrighted materials. All proprietary information the bidder wishes the State to withhold must be submitted in accordance with the instructions outlined in Section III, Proprietary Information. Proposal responses should include the completed Form A, Bidder Contact Sheet. Proposals must reference the request for proposal number and be sent to the specified address. Container(s) utilized for original documents should be clearly marked "ORIGINAL DOCUMENTS". Please note that the address label should appear as specified in Section II part A on the face of each container or bidder's bid response packet. Rejected late proposals will be returned to the bidder unopened, if requested, at bidder's expense. If a recipient phone number is required for delivery purposes, 402-471-2401 should be used. The request for proposal number must be included in all correspondence.

Emphasis should be concentrated on conformance to the Request for Proposal instructions, responsiveness to requirements, completeness and clarity of content. If the bidder's proposal is presented in such a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Elaborate and lengthy proposals are neither necessary nor desired.

The Technical and Cost Proposals should be presented in separate sections (loose-leaf binders are preferred) on standard 8 ½" x 11" paper, except that charts, diagrams and the like may be on fold-outs which, when folded, fit into the 8 ½" by 11" format. Pages may be consecutively numbered for the entire proposal, or may be numbered consecutively within sections. Figures and tables must be numbered consecutively within sections. Figures and tables must be numbered and referenced in the text by that number. They should be placed as close as possible to the referencing text.

G. PROPOSAL OPENING

The sealed proposals will be publicly opened and the bidding entities announced on the date, time and location shown in the Schedule of Events. Proposals will be available for viewing by those present after the proposal opening. Vendors may also contact the State to schedule an appointment for viewing proposals after the opening date.

H. LATE PROPOSALS

Proposals received after the time and date of the proposal opening will be considered late proposals. Rejected late proposals will be returned to the bidder unopened, if requested, at bidder's expense. The State is not responsible for proposals that are late or lost due to mail service inadequacies, traffic or any other reason(s).

I. REJECTION OF PROPOSALS

The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State.

J. EVALUATION OF PROPOSALS

All responses to this Request for Proposal which fulfill all mandatory requirements will be evaluated. Each category will have a maximum possible point potential. The State will conduct a fair, impartial and comprehensive evaluation of all proposals in accordance with the criteria set forth below. Areas that will be addressed and scored during the evaluation include:

1. Executive Summary;
2. Corporate Overview shall include but is not limited to;
 - a. the ability, capacity and skill of the bidder to deliver and implement the system or project that meets the requirements of the Request for Proposal;
 - b. the character, integrity, reputation, judgment, experience and efficiency of the bidder;
 - c. whether the bidder can perform the contract within the specified time frame;
 - d. the quality of bidder performance on prior contracts;
 - e. such other information that may be secured and that has a bearing on the decision to award the contract;
3. Technical Approach; and
4. Cost Proposal.

Evaluation criteria will become public information at the time of the Request for Proposal opening. Evaluation criteria and a list of respondents will be posted to the State Purchasing Bureau website at <http://www.das.state.ne.us/materiel/purchasing/rfp.htm> Evaluation criteria will not be released prior to the proposal opening.

K. EVALUATION COMMITTEE

Proposals will be independently evaluated by members of the Evaluation Committee(s). The committee(s) will consist of staff with the appropriate expertise to conduct such proposal evaluations. Names of the members of the Evaluation Committee(s) will not become public information.

Prior to award, bidders are advised that only the point of contact indicated on the front cover of this Request For Proposal For Contractual Services Form can clarify issues or render any opinion regarding this Request for Proposal. No individual member of the State, employee of the State or member of the Evaluation Committee(s) is empowered to make binding statements regarding this Request for Proposal.

L. MANDATORY REQUIREMENTS

The proposals will first be examined to determine if all mandatory requirements listed below have been addressed to warrant further evaluation. Proposals not meeting mandatory requirements will be excluded from further evaluation. The mandatory requirement items are as follows:

1. Signed, in ink, Request For Proposal For Contractual Services form;
2. Executive Summary;
3. Corporate Overview;
4. Technical Approach; and
5. Cost Proposal.

M. REFERENCE CHECKS

The State reserves the right to check any reference(s), regardless of the source of the reference information, including but not limited to, those that are identified by the company in the proposal, those indicated through the explicitly specified contacts, those that are identified during the review of the proposal, or those that result from communication with other entities involved with similar projects.

Information to be requested and evaluated from references may include, but is not limited to, some or all of the following: project description and background, job performed, functional and technical abilities, communication skills and timeliness, cost and schedule estimates and accuracy, problems (poor quality deliverables, contract disputes, work stoppages, et cetera), overall performance, and whether or not the reference would rehire the firm or individual. Only top scoring bidders may receive reference checks and negative references may eliminate bidders from consideration for award.

N. SECRETARY OF STATE/TAX COMMISSIONER REGISTRATION REQUIREMENTS

All bidders shall be authorized to transact business in the State of Nebraska. All bidders are expected to comply with all Nebraska Secretary of State registration requirements. It is the responsibility of the bidder to comply with any registration requirements pertaining to types of business entities (e.g. person, partnership, foreign or domestic limited liability company, association, or foreign or domestic corporation or other type of business entity). The Bidder who is the recipient of an Intent to Award will be required to certify that it has so complied and produce a true and exact copy of its current (within 90 days), valid Certificate of Good Standing or Letter of Good Standing; or in the case registration is not required, to provide, in writing, the reason as to why none is required. This must be accomplished prior to the award of the contract. Construction contractors are expected to meet all applicable requirements of the Nebraska Contractor Registration Act and provide a current, valid certificate of registration. Further, all bidders shall comply with any and all other applicable Nebraska statutes regarding transacting business in the State of Nebraska. Bidders should submit the above certification(s) with their bid.

O. VIOLATION OF TERMS AND CONDITIONS

Violation of the terms and conditions contained in this Request for Proposal or any resultant contract, at any time before or after the award, shall be grounds for action by the State which may include, but is not limited to, the following:

1. rejection of a bidder's proposal;
2. suspension of the bidder from further bidding with the State for the period of time relative to the seriousness of the violation, such period to be within the sole discretion of the State.

III. TERMS AND CONDITIONS

By signing the "Request For Proposal For Contractual Services" form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions and certifies bidder maintains a drug free work place environment.

Bidders are expected to closely read the Terms and Conditions and provide a binding signature of intent to comply with the Terms and Conditions; provided, however, a bidder may indicate any exceptions to the Terms and Conditions by (1) clearly identifying the term or condition by subsection, (2) including an explanation for the bidder's inability to comply with such term or condition which includes a statement recommending terms and conditions the bidder would find acceptable. Rejection in whole or in part of the Terms and Conditions may be cause for rejection of a bidder's proposal.

A. GENERAL

Accept
& Initial

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. the signed, in ink, Request For Proposal form;
2. the original Request for Proposal document;
3. any Request for Proposal addenda and/or amendments to include questions and answers;
4. the contractor's proposal;
5. any contract amendments, in order of significance; and
6. contract award.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) the contract award, 2) contract amendments with the latest dated amendment having the highest priority, 3) Request for Proposal addenda and/or amendments with the latest dated amendment having the highest priority, 4) the original Request for Proposal, 5) the signed Request For Proposal form, 6) the contractor's proposal.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once proposals are opened they become the property of the State of Nebraska and will not be returned.

B. AWARD

Accept
& Initial

All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part, and at its discretion, may withdraw or amend the Request for Proposal at any time. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State. The Request for Proposal does not commit the State to award a contract. If, in the opinion of the State, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this Request for Proposal, the bidder grants to the State the right to contact or arrange a visit in person with any or all of the bidder's clients.

Once an intent to award decision has been determined, it will be posted to the Internet at:

<http://www.das.state.ne.us/materiel/purchasing/rfp.htm>

Grievance and protest procedure is available on the Internet at:

<http://www.das.state.ne.us/materiel/purchasing/agencyervicesprocurementmanual/ProtestGrievanceProcedureForServices.doc>

Any protests must be filed by a vendor within ten (10) calendar days after the intent to award decision is posted to the Internet.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION

Accept
& Initial

The contractor shall comply with all applicable local, State and Federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, religion, sex, disability, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The contractor shall insert a similar provision in all subcontracts for services to be covered by any contract resulting from this Request for Proposal.

D. PERMITS, REGULATIONS, LAWS

Accept
& Initial

The contractor shall procure and pay for all permits, licenses and approvals necessary for the execution of the contract. The contractor shall comply with all applicable local, state, and federal laws, ordinances, rules, orders and regulations.

E. OWNERSHIP OF INFORMATION AND DATA

Accept
& Initial

The State of Nebraska shall have the unlimited right to publish, duplicate, use and disclose all information and data developed or derived by the contractor pursuant to this contract.

The contractor must guarantee that it has the full legal right to the materials, supplies, equipment, and other rights or titles (e.g. rights to licenses transfer or assign deliverables) necessary to execute this contract. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks and copyrights that are in any way involved in the contract. It shall be the responsibility of the contractor to pay for all royalties and costs, and the State must be held harmless from any such claims.

F. INSURANCE REQUIREMENTS

Accept
& Initial

The contractor shall not commence work under this contract until he or she has obtained all the insurance required hereunder and such insurance has been approved by the State. If contractor will be utilizing any subcontractors, the contractor is responsible for obtaining the certificate(s) of insurance required herein under from any and all subcontractor(s). Contractor is also responsible for ensuring subcontractor(s) maintain the insurance required until completion of the contract requirements. The contractor shall not allow any subcontractor to commence work on his or her subcontract until all similar insurance required of the subcontractor has been obtained and approved by the contractor. Approval of the insurance by the State shall not limit, relieve or decrease the liability of the contractor hereunder.

If by the terms of any insurance a mandatory deductible is required, or if the contractor elects to increase the mandatory deductible amount, the contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

1. WORKERS' COMPENSATION INSURANCE

The contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contractors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. This policy shall include a waiver of subrogation in favor of the State. The amounts of such insurance shall not be less than the limits stated hereinafter.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an occurrence basis, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury and Contractual Liability coverage. The policy shall include the State, and others as required by the Contract Documents, as an Additional Insured. This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered excess and non-contributory. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned and Hired vehicles.

3. INSURANCE COVERAGE AMOUNTS REQUIRED

a. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY

Coverage A	Statutory
Coverage B	
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

b. COMMERCIAL GENERAL LIABILITY

General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal/Advertising Injury	\$1,000,000 any one person
Bodily Injury/Property Damage	\$1,000,000 per occurrence
Fire Damage	\$50,000 any one fire
Medical Payments	\$5,000 any one person

- c. **COMMERCIAL AUTOMOBILE LIABILITY**
Bodily Injury/Property Damage \$1,000,000 combined single limit
- d. **UMBRELLA/EXCESS LIABILITY**
Over Primary Insurance \$1,000,000 per occurrence

4. EVIDENCE OF COVERAGE

The contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements to the attention of the Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl, Lincoln, NE 68508 (facsimile 402-471-2089). These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration and amounts and types of coverage afforded. If the State is damaged by the failure of the contractor to maintain such insurance, then the contractor shall be responsible for all reasonable costs properly attributable thereto.

Notice of cancellation of any required insurance policy must be submitted to Administrative Services State Purchasing Bureau when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

G. COOPERATION WITH OTHER CONTRACTORS

Accept
& Initial

The State may already have in place or choose to award supplemental contracts for work related to this Request for Proposal, or any portion thereof.

1. The State reserves the right to award the contract jointly between two or more potential contractors, if such an arrangement is in the best interest of the State.
2. The contractor shall agree to cooperate with such other contractors, and shall not commit or permit any act which may interfere with the performance of work by any other contractor.

H. INDEPENDENT CONTRACTOR

Accept
& Initial

It is agreed that nothing contained herein is intended or should be construed in any manner as creating or establishing the relationship of partners between the parties hereto. The contractor represents that it has, or will secure at its own expense, all personnel required to perform the services under the contract. The contractor's employees and other persons engaged in work or services required by the contractor under the contract shall have no contractual relationship with the State; they shall not be considered employees of the State.

All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination against the contractor, its officers or its agents) shall in no way be the responsibility of the State. The contractor will hold the State harmless from any and all such claims. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits from the State including without limit, tenure rights, medical and hospital care, sick and vacation leave, severance pay or retirement benefits.

I. CONTRACTOR RESPONSIBILITY

Accept
& Initial

The contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the contractor's proposal, and the resulting contract. The contractor shall be the sole point of contact regarding all contractual matters.

If the contractor intends to utilize any subcontractors' services, the subcontractors' level of effort, tasks and time allocation must be clearly defined in the contractor's proposal. The contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal, in the performance of the contract, without the prior written authorization of the State. Following execution of the contract, the contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.

J. CONTRACTOR PERSONNEL

Accept
& Initial

The contractor warrants that all persons assigned to the project shall be employees of the contractor or specified subcontractors, and shall be fully qualified to perform the work required herein. Personnel employed by the contractor to fulfill the terms of the contract shall remain under the sole direction and control of the contractor. The contractor shall include a similar provision in any contract with any subcontractor selected to perform work on the project.

Personnel commitments made in the contractor's proposal shall not be changed without the prior written approval of the State. Replacement of key personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

The State reserves the right to require the contractor to reassign or remove from the project any contractor or subcontractor employee.

In respect to its employees, the contractor agrees to be responsible for the following:

1. any and all employment taxes and/or other payroll withholding;
2. any and all vehicles used by the contractor's employees, including all insurance required by state law;
3. damages incurred by contractor's employees within the scope of their duties under the contract;
4. maintaining workers' compensation and health insurance and submitting any reports on such insurance to the extent required by governing State law; and
5. determining the hours to be worked and the duties to be performed by the contractor's employees.

Notice of cancellation of any required insurance policy must be submitted to the State when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

K. STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION

Accept
& Initial

The contractor shall not, at any time, recruit or employ any State employee or agent who has worked on the Request for Proposal or project, or who had any influence on decisions affecting the Request for Proposal or project.

L. CONFLICT OF INTEREST

Accept
& Initial

By submitting a proposal, bidder certifies that there does not now exist any relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest.

The bidder certifies that it will not employ any individual known by bidder to have a conflict of interest.

M. PROPOSAL PREPARATION COSTS

The State shall not incur any liability for any costs incurred by bidders in replying to this Request for Proposal, in the demonstrations, or oral presentations, or in any other activity related to bidding on this Request for Proposal.

Accept
& Initial

N. ERRORS AND OMISSIONS

The bidder shall not take advantage of any errors and/or omissions in this Request for Proposal or resulting contract. The bidder must promptly notify the State of any errors and/or omissions that are discovered.

Accept
& Initial

O. BEGINNING OF WORK

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful contractor. The contractor will be notified in writing when work may begin.

Accept
& Initial

P. ASSIGNMENT BY THE STATE

The State shall have the right to assign or transfer the contract or any of its interests herein to any agency, board, commission, or political subdivision of the State of Nebraska. There shall be no charge to the State for any assignment hereunder.

Accept
& Initial

Q. ASSIGNMENT BY THE CONTRACTOR

The contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld.

Accept
& Initial

R. DEVIATIONS FROM THE REQUEST FOR PROPOSAL

The requirements contained in the Request for Proposal become a part of the terms and conditions of the contract resulting from this Request for Proposal. Any deviations from the Request for Proposal must be clearly defined by the bidder in its proposal and, if accepted by the State, will become part of the contract. Any specifically defined deviations must not be in conflict with the basic nature of the Request for Proposal or mandatory requirements. "Deviation", for the purposes of this RFP, means any proposed changes or alterations to either the contractual language or deliverables within the scope of this RFP. The State discourages deviations and reserves the right to reject proposed deviations.

Accept
& Initial

S. GOVERNING LAW

The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the State of Nebraska regarding this Request for Proposal or any resultant contract shall be brought in the State of Nebraska administrative or judicial forums as defined by State law. The contractor must be in compliance with all Nebraska statutory and regulatory law.

Accept
& Initial

T. ATTORNEY'S FEES

In the event of any litigation, appeal or other legal action to enforce any provision of the contract, the contractor agrees to pay all expenses of such action, as permitted by law, including attorney's fees and costs, if the State is the prevailing party.

Accept
& Initial

U. ADVERTISING

Accept
& Initial

The contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. News releases pertaining to the project shall not be issued without prior written approval from the State.

V. STATE PROPERTY

Accept
& Initial

The contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the contractor's use during the performance of the contract. The contractor shall reimburse the State for any loss or damage of such property, normal wear and tear is expected.

W. SITE RULES AND REGULATIONS

Accept
& Initial

The contractor shall use its best efforts to ensure that its employees, agents and subcontractors comply with site rules and regulations while on State premises. If the contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to between the State and the contractor.

X. NOTIFICATION

Accept
& Initial

During the bid process, all communication between the State and a bidder shall be between the bidder's representative clearly noted in its proposal and the buyer noted in Section II, A. Procuring Office and Contact Person of this RFP. After the award of the contract, all notices under the contract shall be deemed duly given upon delivery to the staff designated as the point of contact for this Request for Proposal, in person, or upon delivery by U.S. Mail, facsimile, or e-mail. Each bidder should provide in its proposal the name, title and complete address of its designee to receive notices.

1. Except as otherwise expressly specified herein, all notices, requests or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth above, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) days following deposit in the mail.
2. Whenever the contractor encounters any difficulty which is delaying or threatens to delay its timely performance under the contract, the contractor shall immediately give notice thereof in writing to the State reciting all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by the State of any of its rights or remedies to which it is entitled by law or equity or pursuant to the provisions of the contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

For the duration of the contract, all communication between contractor and the State regarding the contract shall take place between the contractor and individuals specified by the State in writing. Communication about the contract between contractor and individuals not designated as points of contact by the State is strictly forbidden.

Y. EARLY TERMINATION

The contract may be terminated as follows:

Accept
& Initial

1. The State and the contractor, by mutual written agreement, may terminate the contract at any time.

2. The State, in its sole discretion, may terminate the contract for any reason upon 30 days written notice to the contractor. Such termination shall not relieve the contractor of warranty or other service obligations incurred under the terms of the contract. In the event of cancellation the contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:
 - a. if directed to do so by statute;
 - b. contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
 - c. a trustee or receiver of the contractor or of any substantial part of the contractor’s assets has been appointed by a court;
 - d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its contractor, its employees, officers, directors or shareholders;
 - e. an involuntary proceeding has been commenced by any party against the contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) days; or (ii) the contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the contractor has been decreed or adjudged a debtor;
 - f. a voluntary petition has been filed by the contractor under any of the chapters of Title 11 of the United States Code;
 - g. contractor intentionally discloses confidential information;
 - h. contractor has or announces it will discontinue support of the deliverable;
 - i. second or subsequent documented “vendor performance report” form deemed acceptable by the State Purchasing Bureau.

Z. FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS

The State may terminate the contract, in whole or in part, in the event funding is no longer available. The State’s obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. The State will give the contractor written notice thirty (30) days prior to the effective date of any termination, and advise the contractor of the location (address and room number) of any related equipment. All obligations of the State to make payments after the termination date will cease and all interest of the State in any related equipment will terminate. The contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the contractor be paid for a loss of anticipated profit.

Accept
& Initial

AA. BREACH BY CONTRACTOR

Accept
& Initial

The State may terminate the contract, in whole or in part, if the contractor fails to perform its obligations under the contract in a timely and proper manner. The State may, by providing a written notice of default to the contractor, allow the contractor to cure a failure or breach of contract within a period of thirty (30) days (or longer at State's discretion considering the gravity and nature of the default). Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the contractor time to cure a failure or breach of contract does not waive the State's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the contractor, the State may contract the service from other sources and hold the contractor responsible for any excess cost occasioned thereby.

BB. ASSURANCES BEFORE BREACH

Accept
& Initial

If any document or deliverable required pursuant to the contract does not fulfill the requirements of the Request for Proposal/resulting contract, upon written notice from the State, the contractor shall deliver assurances in the form of additional contractor resources at no additional cost to the project in order to complete the deliverable, and to ensure that other project schedules will not be adversely affected.

CC. PENALTY

Accept
& Initial

In the event that the contractor fails to perform any substantial obligation under the contract, the State may withhold all monies due and payable to the contractor, without penalty, until such failure is cured or otherwise adjudicated.

DD. PERFORMANCE BOND

Accept
& Initial

The selected contractor may be required to supply a certified check or a bond executed by a corporation authorized to contract surety in the State of Nebraska, payable to the State of Nebraska, which shall be valid for the life of the contract to include any renewal and/or extension periods. The amount of the certified check or bond must be \$200,000.00. The check or bond if required will guarantee that the selected contractor will faithfully perform all requirements, terms and conditions of the contract. Failure to comply shall be grounds for forfeiture of the check or bond as liquidated damages. Amount of forfeiture will be determined by the agency based on loss to the State. The bond or certified check will be returned when the service has been satisfactorily completed as solely determined by the State, after termination or expiration of the contract.

EE. FORCE MAJEURE

Accept
& Initial

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The State may grant relief from performance of the contract if the contractor is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the contractor. To obtain release based on a Force Majeure Event, the contractor shall file a written request for such relief with the State Purchasing Bureau. Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

FF. PROHIBITION AGAINST ADVANCE PAYMENT

Accept
& Initial

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

GG. PAYMENT

Accept
& Initial

State will render payment to contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the contractor as solely determined by the State. Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408). The State may require the contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date, and the contractor hereby waives any claim or cause of action for any such services.

HH. INVOICES

Accept
& Initial

Invoices for payments must be submitted by the contractor to the agency requesting the services with sufficient detail to support payment. The terms and conditions included in the contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

II. AUDIT REQUIREMENTS

Accept
& Initial

All contractor books, records and documents relating to work performed or monies received under the contract shall be subject to audit at any reasonable time upon the provision of reasonable notice by the State. These records shall be maintained for a period of five (5) full years from the date of final payment, or until all issues related to an audit, litigation or other action are resolved, whichever is longer. All records shall be maintained in accordance with generally accepted accounting principles.

In addition to, and in no way in limitation of any obligation in the contract, the contractor shall agree that it will be held liable for any State audit exceptions, and shall return to the State all payments made under the contract for which an exception has been taken or which has been disallowed because of such an exception. The contractor agrees to correct immediately any material weakness or condition reported to the State in the course of an audit.

JJ. TAXES

Accept
& Initial

The State is not required to pay taxes of any kind and assumes no such liability as a result of this solicitation. Any property tax payable on the contractor's equipment which may be installed in a state-owned facility is the responsibility of the contractor.

KK. INSPECTION AND APPROVAL

Accept
& Initial

Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The State and/or its authorized representatives shall have the right to enter any premises where the contractor or subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

LL. CHANGES IN SCOPE/CHANGE ORDERS

Accept
& Initial

The State may, at any time with written notice to the contractor, make changes within the general scope of the contract. Changes in scope shall only be conducted with the written approval of the State's designee as so defined by the State from time to time. (The State retains the right to employ the services of a third party to perform any change order(s)).

The State may, at any time work is in progress, by written order, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the State may find necessary or desirable. The contractor shall not claim forfeiture of contract by reasons of such changes by the State. Changes in work and the amount of compensation to be paid to the contractor for any extra work so ordered shall be determined in accordance with the applicable unit prices of the contractor's proposal.

Corrections of any deliverable services or performance of work required pursuant to the contract shall not be deemed a modification requiring a change order.

MM. SEVERABILITY

Accept
& Initial

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular provision held to be invalid.

NN. CONFIDENTIALITY

Accept
& Initial

All materials and information provided by the State or acquired by the contractor on behalf of the State shall be regarded as confidential information. All materials and information provided by the State or acquired by the contractor on behalf of the State shall be handled in accordance with Federal and State Law, and ethical standards. The contractor must ensure the confidentiality of such materials or information. Should said confidentiality be breached by a contractor; contractor shall notify the State immediately of said breach and take immediate corrective action.

It is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable to contractors by 5 U.S.C. 552a (m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.

OO. PROPRIETARY INFORMATION

Accept
& Initial

Data contained in the proposal and all documentation provided therein, become the property of the State of Nebraska and the data becomes public information upon opening the proposal. If the bidder wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record statutes. All proprietary information the bidder wishes the State to withhold must be submitted in a sealed package, which is separate from the remainder of the proposal. The separate package must be clearly marked PROPRIETARY on the outside of the package. Bidders may not mark their entire Request for Proposal as proprietary. Bidder's cost proposals may not be marked as proprietary information. Failure of the bidder to follow the instructions for

submitting proprietary and copyrighted information may result in the information being viewed by other bidders and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, bidders submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State is under no obligation to maintain the confidentiality of proprietary information and accepts no liability for the release of such information.

PP. CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING

Accept
& Initial

By submission of this proposal, the bidder certifies, that he or she is the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

QQ. PRICES

Accept
& Initial

All prices, costs, terms and conditions outlined in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made (and for bidder receiving award prices shall remain as bid for the duration of the contract unless otherwise so stated in the contract) or the Request for Proposal is cancelled.

Contractor represents and warrants that all prices for services, now or subsequently specified are as low as and no higher than prices which the contractor has charged or intends to charge customers other than the State for the same or similar products and services of the same or equivalent quantity and quality for delivery or performance during the same periods of time. If, during the term of the contract, the contractor shall reduce any and/or all prices charged to any customers other than the State for the same or similar products or services specified herein, the contractor shall make an equal or equivalent reduction in corresponding prices for said specified products or services.

Contractor also represents and warrants that all prices set forth in the contract and all prices in addition, which the contractor may charge under the terms of the contract, do not and will not violate any existing federal, state or municipal law or regulations concerning price discrimination and/or price fixing. Contractor agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.

RR. BEST AND FINAL OFFER

Accept
& Initial

The State will compile the final scores for all parts of each proposal. The award may be granted to the highest scoring responsive and responsible bidder. Alternatively, the highest scoring bidder or bidders may be requested to submit best and final offers. If best and final offers are requested by the State and submitted by the bidder, they will be evaluated (using the stated criteria), scored and ranked by the Evaluation Committee. The award will then be granted to the highest scoring bidder. However, a bidder should provide its best offer in its original proposal. Bidders should not expect that the State will request a best and final offer.

SS. ETHICS IN PUBLIC CONTRACTING

Accept
& Initial

No bidder shall pay or offer to pay, either directly or indirectly, any fee, commission compensation, gift, gratuity, or anything of value to any State officer, legislator or employee based on the understanding that the receiving person's vote, actions or judgment will be influenced thereby. No bidder shall give any item of value to any employee of the State Purchasing Bureau.

Bidders shall be prohibited from utilizing the services of lobbyists, attorneys, political activists, or consultants to secure the contract. It is the intent of this provision to assure that the prohibition of state contact during the procurement process is not subverted through the use of lobbyists, attorneys, political activists, or consultants. It is the intent of the State that the process of evaluation of proposals and award of the contract be completed without external influence. It is not the intent of this section to prohibit bidders from seeking professional advice, for example consulting legal counsel, regarding terms and conditions of this Request for Proposal or the format or content of their proposal.

If the bidder is found to be in non-compliance with this section of the Request for Proposal, they may forfeit the contract if awarded to them or be disqualified from the selection process.

TT. INDEMNIFICATION

Accept
& Initial

1. GENERAL

The contractor agrees to defend, indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the contractor, its employees, subcontractors, consultants, representatives, and agents, except to the extent such contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

2. INTELLECTUAL PROPERTY

The contractor agrees it will at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the contractor prompt notice in writing of the claim. The contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the contractor has indemnified the State, the contractor shall at the contractor's sole cost and expense promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the contractor, and the State may receive the remedies provided under this RFP.

3. PERSONNEL

The contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel provided by the contractor.

UU. NEBRASKA TECHNOLOGY ACCESS STANDARDS

Accept
& Initial

Contractor shall review the Nebraska Technology Access Standards, found at http://www.nitc.nebraska.gov/standards/accessibility/accessibility_standards.pdf and ensure that products and/or services provided under the contract comply with the applicable standards. In the event such standards change during the contractor's performance, the State may create an amendment to the contract to request that contract comply with the changed standard at a cost mutually acceptable to the parties.

VV. ANTITRUST

Accept
& Initial

The contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

WW. DISASTER RECOVERY/BACK UP PLAN

Accept
& Initial

The contractor shall have a disaster recovery and back-up plan, of which a copy should be provided to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue services as specified under these specifications in the event of a disaster.

XX. TIME IS OF THE ESSENCE

Accept
& Initial

Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by the State shall not waive any rights of the State nor constitute a waiver of the requirement of timely performance of any obligations on the part of the contractor remaining to be performed.

YY. RECYCLING

Accept
& Initial

Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per state statute (Neb. Rev. Stat. §81-15, 159).

ZZ. DRUG POLICY

Accept
& Initial

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

AAA. NEW EMPLOYEE WORK ELIGIBILITY STATUS

Accept
& Initial

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

BBB. CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY

Accept
& Initial

The contractor, by signature to this RFP, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

IV. PROJECT DESCRIPTION AND SCOPE OF WORK

The State is interested in receiving proposals through a third-party who can deliver industry leading processes along with efficient and timely delivery of services. The bidder must provide the following information in response to this Request for Proposal.

A. PROJECT OVERVIEW

The State of Nebraska (“the State”), through Administrative Services, provides State employees access to a Flexible Spending Account program. The State is seeking proposals from qualified benefit administrators to provide a Flexible Spending Account and COBRA and Retiree Benefits Administration program for approximately 17,000 eligible state employees effective on July 1, 2013.

In addition, the State of Nebraska currently self-administers the COBRA and Retiree benefits in-house and wishes to outsource this administration. The State utilizes the TRAVIS software for both COBRA and Retirees.

The State’s plan year is from July 1 through June 30 of each year. All active employees along with COBRA and Retiree individuals must re-enroll each year to choose their options for the next plan year.

The State wishes to accomplish the following objectives:

1. Minimize the cost and rate of future fee increases.
2. Establish performance targets to assess and monitor administrator’s performance.
3. Allow both Health Care and Dependent Care expenses with the Flexible Spending Account.
4. Streamline the efficiency and compliance of its current COBRA and Retiree process with a high level of performance in COBRA and Retiree administration and billing

A contract resulting from this RFP will be issued with a three (3) year rate guarantee from July 1, 2013 through June 30, 2016, with the option to renew for four (4) additional one (1) year periods as mutually agreed upon by all parties.

B. FLEXIBLE SPENDING ACCOUNTS PROJECT ENVIRONMENT

All eligible permanent State of Nebraska employees (full time and part time) located throughout the State of Nebraska can participate in the Flexible Spending Account program. . Employees have the option to participate in a Health Care Flexible Spending Account, a Dependent Care Flexible Spending Account, or both.

Employees can set aside up to \$2,500 per calendar year for the Health Care Flexible Spending Account program. This may change based on Federal guideline limits and as approved by the State. Employees may not make an annual election of less than \$120. Those employees participating in the Dependent Care Flexible Spending Account program are allowed to set aside up to \$5,000 per calendar year, per household.

Employees participating in the Flexible Spending Account program cannot transfer money from the Dependent Care Flexible Spending Account to the Health Care Flexible Spending Account and vice versa.

Direct deposit is available to Flexible Spending Account participants once they sign up to receive reimbursements by direct deposits to an account of their choosing that receives direct deposits.

The Summary Plan Description for the current Flexible Spending Account program can be found in Attachment 1 Flexible Spending Accounts Summary Plan Description (SPD). Of the State's approximately 17,000 eligible permanent employees, 4,191 are enrolled in the current Health Care Flexible Spending Account and 472 enrolled in the current Dependent Care Flexible Spending Account and 290 are enrolled in both.

Additional information:

1. The current provider is Application Software, Inc. (ASI) of Columbia Missouri and has been the State's provider since January 1, 2000.
2. The State currently pays \$2.75 per month for each employee enrolled. Only one fee is paid if employee is enrolled in both Dependent Care and Health Care.
3. The State does not currently offer the debit card, but would like to evaluate the possibility of offering it in future plan years.
4. The State currently does allow for expense to be incurred during a grace period after each plan year for Health Care Flexible Spending only.
5. The State also allows for a run-out period as allowed by Federal guidelines.
6. Employees currently enroll in the flex plan of their choice during an online Open Enrollment period prior to the beginning of each plan year. The State of Nebraska does require that contractor personnel be in attendance at one informational Open Enrollment meeting each year for State Human Resources personnel. The benefit Open Enrollment period is generally provided during May of each year.
7. Claims payment process: Claims are paid by the current contractor and a reimbursement request is sent to the State on a daily basis via email. The reimbursement request is processed the following day, with the funds being electronically deposited into the contractor's bank account in two days.
8. All eligible permanent State of Nebraska employees (full time and part time) located throughout the State of Nebraska can participate in the Flexible Spending Account program. This includes employees that are union, non-union, salaried, and hourly.

C. COBRA AND RETIREE PROJECT ENVIRONMENT

The State is conducting a major reassessment of the COBRA and Retiree process with goals of facilitating efficiency and compliance.

The Work included in this RFP is for services that include COBRA and Retiree Administration for the Health, Dental, Vision, Medical Flexible spending and EAP plans. Direct billing services must also be provided for both COBRA and Retiree enrolled in either of these options

Of the State's approximately 17,000 eligible permanent employees, 362 are currently enrolled as COBRA and 151 are currently enrolled as a Retiree. All are being served by direct billing and they are located across the country.

The State of Nebraska Retiree group benefit is for employees that wish to leave active service for the State on or after attaining the age of 55 up to and prior to the age of 65 and have been actively paying into the State's retirement system. A Retiree can continue Health, Dental, Vision, and EAP enrollment at the age of 55 and keep the coverage to the first of the month he or she turns 65. Medical flexible spending can only be kept through the benefit year that the Retiree leaves state government. They can pay for Medical Flexible Spending for a limited number of months and then request to drop the benefit. Medical Flexible Spending is the only benefit that the Retiree can request to drop anytime during the benefit plan year. There are special enrollment procedures that are followed. They are outlined below.

If a person declines Retiree coverage at the time of termination from State employment, they can never apply or be accepted for Retiree benefits in the future.

The State Retiree information:

1. Any active Retiree who is in good standing with his or her Retiree monthly premium payments and is considered an active Retiree participant, then returns to employment with the State of Nebraska will be allowed to enroll again into the Retiree continued coverage program when they leave State of Nebraska employment. The Retiree will be allowed to enroll in the benefits he or she was currently enrolled in on the last day of their current employment.
2. Any active Retiree who drops the continued Retiree coverage for any other employment with benefit coverage other than employment with the State of Nebraska will not be allowed to come back on the continued Retiree coverage program for any reason. Once they drop the coverage or do not pay premiums in a timely manner they are terminated from the Retiree continued group coverage with no option of reinstatement.
3. No Retiree can drop coverage or add coverage without a life status change that is consistent with the allowed life status changes of all State of Nebraska Active employees.
4. A Spouse CAN NOT enroll in Single coverage under the Retiree continued coverage with the exception of the spouses of State Patrol Lifers (see specific criteria below).
5. Retirees must go through Open Enrollment each year just as active employees. During the open enrollment period, a Retiree CAN NOT enroll in any coverage they are not presently enrolled in. They can make tier changes to their coverage's and change plan enrollment types, example if they are enrolled in Basic Dental they are allowed to elect Premium Dental, if they are in any medical plan they can change within plans, example: high deductible to regular. Current Retirees CAN NOT add any dependents during open enrollment unless they can supply the documentation the spouse has lost creditable group coverage, not individual coverage, the day prior to when the new benefit plan year will be effective. Example: the new benefit plan year will start on July 1st, John Smith is enrolled in single medical, his wife retires from her job and can supply the documentation that her coverage ended on June 30th then John Smith will be allowed to add his wife to his coverage.
6. Retirees cannot drop coverage outside of the open enrollment period unless they have experienced a life event and supporting documentation can be supplied supporting what they are requesting to do.
7. A Retiree cannot drop a dependent outside of the open enrollment period unless they have supporting documentation that the dependent is newly eligible for other group coverage. Private coverage does not meet the conditions to drop coverage outside of the open enrollment period.
8. An ex-employee under the age of 55 can go before the State Retirement Board and request disability retirement. If the request is approved, the Nebraska Public Employees Retirement System will send a letter with the approval to the State Employee Benefits Office. In order for the ex-employee to be enrolled in the Retiree continued coverage group the ex-employee must be enrolled and in good standing in COBRA. If the employee is in good standing with COBRA his or her enrollment will be moved to the Retiree group the first of the month after the date of the approval letter and will be able to remain on the Retiree continued group up to the first of the month he or she turns 65 as long as the ex-employee remains in good standing with the Retiree group.

The State has a predetermined number of employees who are promised a unique Retiree status through a prior agreement we refer to as "State Patrol Lifer Retirees".

1. The number of employees that have a "State Patrol Lifer Retiree" status is approximately 17. No other employees will be allowed to participate in this manner. These individuals and spouses (if eligible) can retire from being an active employee; select benefits under the Retiree program and keep the medical benefits for an undetermined amount of time. All other benefits the State Patrol Lifer Retiree and spouse are enrolled in must be canceled the first of the month in which either they turn 65. If the State Patrol Lifer turns 65 prior to his or her spouse then the spouse can continue enrollment in the other benefits, example Dental and/or Vision on a single plan coverage until the first of the month he or she turns 65 and vice versa.
2. The State Patrol Lifer Retiree cannot bring on a spouse at any later date and keep the spouse on for an in determined amount of time. If his or her spouse experiences a life event that allows the spouse to come on to the State Patrol Lifer Retiree benefit coverage's, the spouses coverage will end at the first of the month he or she turns 65 regardless of the fact that the State Patrol Lifer Retiree can carry the medical coverage for a in determined number of years.
3. The State Patrol Lifer Retiree can keep the Health Coverage for Life only, this does not pertain to Dental, Vision, EAP or Flex.
4. A State Patrol Lifer's Spouse can have single Dental and or Vision up to the age of 65 if the State Patrol Lifer Retiree turned 65 prior to the spouse, the medical coverage will always be employee and spouse unless the State Patrol Lifer Retiree passes away prior to the spouse then the State Patrol Lifer Retiree spouse can continue in a single medical plan.

Additional miscellaneous information on COBRA and Retirees:

1. Implementation and compliance with all COBRA requirements.
2. The State currently handles all direct billing internally for both COBRA and Retiree
3. The State charges the additional 48% for the 11 month SSDI extension.
4. The State has approximately 1,200 qualifying events per year.
5. The State does not employ any unique termination practices; all termination policies are the same.
6. The State does not allow pro-rated/mid-month terminations.
7. COBRA enrollees are charged a 2% administration fee for each of the plans enrolled. This includes Health, Dental, Vision, Flex and EAP.
8. Employees who terminate employment with the State at ages 55-64 and have contributed to the State's Retirement System are considered as Retiree Status. The difference in choosing Retiree Status is that they will have the option to stay on our plans until turning age 65. As an added benefit, those on Retiree Status are not charged the 2% administration fee for health. Retirees are charged the 2% administration fee on Dental, Vision, Flex and or EAP.
9. If employment is terminated with the State after attaining the age of 65, the individual is offered 18 months coverage for Health, Dental, Vision and EAP under COBRA.
10. If you are already on COBRA and you then turn age 65, the State terminates all coverage on all plans.
11. COBRA and Retiree have the same plan options for Health, Dental, Vision and EAP as do active employees.
12. The contractor will be required to send a weekly file to our Wellness Program provider to update them on the status of all COBRA and Retiree participants.
13. Contractor must adhere to all Federal COBRA guidelines and maintain full compliance.
14. Dental and Vision premiums that the COBRA and Retiree participants pay need to be paid to the appropriate contractor currently EyeMed for Vision and Ameritas for Dental.

The payment to the contractor is made on a monthly basis. Only the premium is sent to the contractor, not the 2% Admin fee.

15. Medical, flexible spending and EAP premiums that the COBRA and Retiree participants pay needs to be paid to the State of NE.

D. PROJECT REQUIREMENTS

The State is committed to offering a Flexible Spending Account program and COBRA and Retiree process. The State's primary selection criteria are listed below:

1. Cost Considerations

- a. Competitive cost effective program based upon expected installation and renewal fees, Attachment 4.

2. Administrative Services

- a. Simplicity, accuracy and speed of administration.
- b. Reporting capabilities (The State requires reporting to be available by Agency)
- c. Flexibility and accessibility in working with the State
- d. Quality of references
- e. Electronic capabilities

3. Mandatory Completion of Attachments - All attachments are incorporated into this RFP by reference. Bidders should include additional information describing their services as identified these Attachments.

- a. The Bidder must complete the Attachment 2 Flexible Spending Account Matrix
- b. The Bidder must complete the Attachment 3 COBRA Retiree Matrix

V. PROPOSAL INSTRUCTIONS

This section documents the mandatory requirements that must be met by bidders in preparing the Technical and Cost Proposal. Bidders should identify the subdivisions of "Project Description and Scope of Work" clearly in their proposals; failure to do so may result in disqualification. Failure to respond to a specific requirement may be the basis for elimination from consideration during the State's comparative evaluation.

Proposals are due by the date and time shown in the Schedule of Events. Content requirements for the Technical and Cost Proposal are presented separately in the following subdivisions:

A. TECHNICAL PROPOSAL

The Technical Proposal shall consist of four (4) sections:

1. SIGNED IN INK "State of Nebraska Request For Proposal For Contractual Services" form;
2. Executive Summary;
3. Corporate Overview; and
4. Technical Approach.

1. REQUEST FOR PROPOSAL FORM

By signing the "Request For Proposal For Contractual Services" form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the Terms and Conditions stated in this Request for Proposal and certifies bidder maintains a drug free work place environment.

The Request For Proposal For Contractual Services form must be signed in ink and returned by the stated date and time in order to be considered for an award.

2. EXECUTIVE SUMMARY

The Executive Summary shall condense and highlight the contents of the solution being proposed by the bidder in such a way as to provide the Evaluation Committee with a broad understanding of the Contractor's Technical Proposal.

Bidders must present their understanding of the problems being addressed by implementing a new system, the objectives and intended results of the project, and the scope of work. Bidders shall summarize how their Technical Proposal meets the requirements of the Request for Proposal, and why they are best qualified to perform the work required herein.

3. CORPORATE OVERVIEW

The Corporate Overview section of the Technical Proposal must consist of the following subdivisions:

a. BIDDER IDENTIFICATION AND INFORMATION

The bidder must provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business, whether the name and form of organization has changed since first organized, and Federal Employer Identification Number and/or Social Security Number.

b. FINANCIAL STATEMENTS

The bidder must provide financial statements applicable to the firm. If publicly held, the bidder must provide a copy of the corporation's most recent audited financial reports and statements, and the name, address and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information must be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm must provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

c. CHANGE OF OWNERSHIP

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder must describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded vendor(s) will require notification to the State.

d. OFFICE LOCATION

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska must be identified.

e. RELATIONSHIPS WITH THE STATE

The bidder shall describe any dealings with the State over the previous three (3) years. If the organization, its predecessor, or any party named in the bidder's proposal response has contracted with the State, the bidder shall identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

f. BIDDER'S EMPLOYEE RELATIONS TO STATE

If any party named in the bidder's proposal response is or was an employee of the State within the past thirty six (36) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest

exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

g. CONTRACT PERFORMANCE

If the bidder or any proposed subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other party's name, address and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting party.

h. SUMMARY OF BIDDER'S CORPORATE EXPERIENCE

The bidder shall provide a summary matrix listing the bidder's previous projects similar to this Request for Proposal in size, scope and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder must address the following:

- i.** Bidder must provide narrative descriptions to highlight the similarities between their experience and this Request for Proposal. These descriptions must include:
 - a)** the time period of the project;
 - b)** the scheduled and actual completion dates;
 - c)** the contractor's responsibilities;
 - d)** for reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number and e-mail address); and
 - e)** each project description shall identify whether the work was performed as the prime contractor or as a subcontractor. If a bidder performed as the prime contractor, the description must provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.

- ii.** Contractor and subcontractor(s) experience must be listed separately. Narrative descriptions submitted for subcontractors must be specifically identified as subcontractor projects.

- iii. If the work was performed as a subcontractor, the narrative description shall identify the same information as requested for the contractors above. In addition, subcontractors shall identify what share of contract costs, project responsibilities, and time period were performed as a subcontractor.

i. SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH

The bidder must present a detailed description of its proposed approach to the management of the project.

The bidder must identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this Request for Proposal. The names and titles of the team proposed for assignment to the State project shall be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder shall provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the Request for Proposal in addition to assessing the experience of specific individuals.

Resumes must not be longer than three (3) pages. Resumes shall include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

j. SUBCONTRACTORS

If the bidder intends to subcontract any part of its performance hereunder, the bidder must provide:

- i. name, address and telephone number of the subcontractor(s);
- ii. specific tasks for each subcontractor(s);
- iii. percentage of performance hours intended for each subcontract; and
- iv. total percentage of subcontractor(s) performance hours.

4. TECHNICAL APPROACH

The technical approach section of the Technical Proposal must consist of the following subsections:

- a. understanding of the project requirements;
- b. proposed development approach;
- c. technical considerations;

B. COST PROPOSAL REQUIREMENTS

This section describes the requirements to be addressed by bidders in preparing the Cost Proposal. The bidder must submit the Cost Proposal in a section of the proposal that is a separate section or is packaged separately as specified in this RFP from the Technical Proposal section.

The component costs of the fixed price proposal for providing the services set forth in the Request for Proposal must be provided by submitting forms substantially equivalent to those described below.

1. PRICING SUMMARY

This summary shall present the total fixed price to perform all of the requirements of the Request for Proposal. The bidder must include details in the Cost Proposal supporting any and all costs. These details must include, at a minimum, detailed descriptions and/or specifications of the goods and/or services to be provided, quantities, and timing and unit costs, if applicable. Attachment 4

The State reserves the right to review all aspects of the Cost Proposal for reasonableness and to request clarification of any proposal where the cost component shows significant and unsupported deviation from industry standards or in areas where detailed pricing is required.

2. PRICES

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the bidder, F.O.B. destination named in the Request for Proposal. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

Form A

Bidder Contact Sheet

Request for Proposal Number 4292 Z1

Form A should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	
Bidder Address:	
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	

Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	
Bidder Address:	
Contact Person & Title:	
E-mail Address:	
Telephone Number (Office):	
Telephone Number (Cellular):	
Fax Number:	

Request for Proposal Number RFP 4292 Z1
Contract Number 56047 O4
Proposal Opening: April 1, 2013

In accordance with Nebraska Revised Statutes §84.712.05(3), the following material(s) has not been included due to it being marked proprietary.

Application Software, Inc.

1. ASI December 31, 2012 Balance Sheet

In accordance with Federal U.S. Copyright Law Title 17 U.S.C. Section 101 et seq., Title 18 U.S.C. 2319, the following material(s) has not been included due to them being copyrighted.

Application Software, Inc.

1. Sample ASIFlex Online Account Statement
2. COBRA point QB Import Specification

ASIFlex and ASI COBRA

THE ORIGINAL DOCUMENT

Your choice for FSA, HRA, Computer Benefit, HSA and COBRA administrative services!



Efficient administrative services to meet your compliance needs!

Personalized customer service for you and your employees!

Reduce your burden and liability of meeting COBRA requirements!

SOLICITATION NUMBER	RELEASE DATE
RFP 4292 Z1 TECHNICAL PROPOSAL	March 12, 2013
OPENING DATE AND TIME	PROCUREMENT CONTACT
April 4, 2013 2:00 p.m. Central Time	Mary Lanning/Michelle Musick

State of Nebraska RFP 4292 Z1
Flexible Spending Account and
COBRA and Retiree Billing Administrative Services



April 1, 2013

Mary Lanning/Michelle Musick
State Purchasing Bureau
301 Centennial Mall South, Mall Level
Lincoln, NE 68508

Dear Ms. Lanning and Ms. Musick:

Thank you for the opportunity to submit a proposal for the administration of State of Nebraska's Flexible Spending Account program, and COBRA/Retiree billing. ASI has been a leading provider of innovative employee-benefit solutions since 1988 and currently has over 370 clients, including 13 state government entities and eight standalone state university systems, as well as many local government entities, and private organizations of all sizes. Benefit administration is our only business, and, as such, we devote considerable resources to enhancing our administrative services.

ASI's number one priority is to provide exceptional service at all levels of the organization. Our commitment to customer service has lead to considerable participation increases for our current client base, thereby providing employees *and* employers with considerable tax savings. Participant-friendly attributes such as access to a live customer service representative (with no automated phone system), next day claim processing and payment and a variety of online tools have ingratiated our administrative services with both our clients and our participants.

For over 20 years we have continually used technology to improve customer service. Our goal is to continue to find new and innovative ways to better serve our clientele, thereby increasing our overall participation percentages and making our administrative services more attractive to potential clients. We are dedicated to continually improving our service level and will take any suggestions provided by our clients into consideration.

Contact Person for Proposal:

Name: Anita Spencer
Position: Account Executive
Phone Number: 573.999.6632
Email Address: aspencer@asiflex.com

I hope the enclosed proposal will give you some insight into our capabilities and dedication to our clients. Please do not hesitate to contact me directly with any questions or concerns related to our proposal or our administrative capabilities.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Riddick".

John M. Riddick
President/CEO

State of Nebraska (State Purchasing Bureau)
REQUEST FOR PROPOSAL FOR
CONTRACTUAL SERVICES FORM

RETURN TO:
 State Purchasing Bureau
 301 Centennial Mall South, 1st Fl
 Lincoln, Nebraska 68508
 OR
 P.O. Box 94847
 Lincoln, Nebraska 68509-4847
 Phone: 402-471-2401
 Fax: 402-471-2089

SOLICITATION NUMBER	RELEASE DATE
RFP 4292 Z1	March 12, 2013
OPENING DATE AND TIME	PROCUREMENT CONTACT
April 1, 2013 2:00 p.m. Central Time	Mary Lanning/Michelle Musick

This form is part of the specification package and must be signed and returned, along with proposal documents, by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau, is issuing this Request for Proposal, RFP Number 4292 Z1 for the purpose of selecting a qualified contractor to provide Flexible Spending Account and COBRA and Retiree Benefits Services.

Written questions are due no later than March 20, 2013, and should be submitted via e-mail to matpurch.dasmat@nebraska.gov. Written questions may also be sent by facsimile to (402) 471-2089.

Bidder should submit one (1) original and six (6) copies of the entire proposal. In the event of any inconsistencies among the proposals, the language contained in the original proposal shall govern. Proposals must be submitted by the proposal due date and time.

PROPOSALS MUST MEET THE REQUIREMENTS OUTLINED IN THIS REQUEST FOR PROPOSAL TO BE CONSIDERED VALID. PROPOSALS WILL BE REJECTED IF NOT IN COMPLIANCE WITH THESE REQUIREMENTS.

1. Sealed proposals must be received in State Purchasing by the date and time of proposal opening indicated above. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2. This form "REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES" MUST be manually signed, in ink, and returned by the proposal opening date and time along with bidder's proposal and any other requirements as specified in the Request for Proposal in order to be considered for an award.
3. It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows:
<http://www.das.state.ne.us/materiel/purchasing/>
4. It is understood by the parties that in the State of Nebraska's opinion, any limitation on the contractor's liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section 3, and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied with the contractor's bid or in the final contract.

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request For Proposal For Contractual Services form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions (see Section III) and certifies bidder maintains a drug free work place environment.

FIRM: Application Software, Inc. DBA ASIFlex and ASI COBRA, LLC

COMPLETE ADDRESS: 201 West Broadway, Suite 4C, Columbia, MO 65203

TELEPHONE NUMBER: 800.659.3035 FAX NUMBER: 573.442.4435

SIGNATURE:  DATE: April 1, 2013

TYPED NAME & TITLE OF SIGNER: John M. Riddick, President/CEO/MANAGING MEMBER

TABLE OF CONTENTS

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM	i
TABLE OF CONTENTS	ii
I. TERMS AND CONDITIONS.....	1
II. TECHNICAL PROPOSAL	16
Form A Bidder Contact Sheet.....	27

I. TERMS AND CONDITIONS

By signing the "Request For Proposal For Contractual Services" form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions and certifies bidder maintains a drug free work place environment.

Bidders are expected to closely read the Terms and Conditions and provide a binding signature of intent to comply with the Terms and Conditions; provided, however, a bidder may indicate any exceptions to the Terms and Conditions by (1) clearly identifying the term or condition by subsection, (2) including an explanation for the bidder's inability to comply with such term or condition which includes a statement recommending terms and conditions the bidder would find acceptable. Rejection in whole or in part of the Terms and Conditions may be cause for rejection of a bidder's proposal.

A. GENERAL

The contract resulting from this Request for Proposal shall incorporate the following documents:

1. the signed, in ink, Request For Proposal form;
2. the original Request for Proposal document;
3. any Request for Proposal addenda and/or amendments to include questions and answers;
4. the contractor's proposal;
5. any contract amendments, in order of significance; and
6. contract award.

Unless otherwise specifically stated in a contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) the contract award, 2) contract amendments with the latest dated amendment having the highest priority, 3) Request for Proposal addenda and/or amendments with the latest dated amendment having the highest priority, 4) the original Request for Proposal, 5) the signed Request For Proposal form, 6) the contractor's proposal.

Any ambiguity in any provision of this contract which shall be discovered after its execution shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

Once proposals are opened they become the property of the State of Nebraska and will not be returned.

B. AWARD

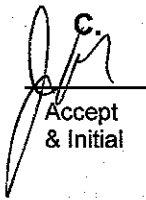
All purchases, leases, or contracts which are based on competitive proposals will be awarded according to the provisions in the Request for Proposal. The State reserves the right to reject any or all proposals, wholly or in part, or to award to multiple bidders in whole or in part, and at its discretion, may withdraw or amend the Request for Proposal at any time. The State reserves the right to waive any deviations or errors that are not material, do not invalidate the legitimacy of the proposal, and do not improve the bidder's competitive position. All awards will be made in a manner deemed in the best interest of the State. The Request for Proposal does not commit the State to award a contract. If, in the opinion of the State, revisions or amendments will require substantive changes in proposals, the due date may be extended.

By submitting a proposal in response to this Request for Proposal, the bidder grants to the State the right to contact or arrange a visit in person with any or all of the bidder's clients.

Once an intent to award decision has been determined, it will be posted to the Internet at: <http://www.das.state.ne.us/materiel/purchasing/rfp.htm>

Grievance and protest procedure is available on the Internet at: <http://www.das.state.ne.us/materiel/purchasing/agencyervicesprocurementmanual/ProtestGrievanceProcedureForServices.doc>

Any protests must be filed by a vendor within ten (10) calendar days after the intent to award decision is posted to the Internet.

C.

Accept & Initial

COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION


The contractor shall comply with all applicable local, State and Federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits contractors of the State of Nebraska, and their subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions or privileges of employment because of race, color, religion, sex, disability, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The contractor shall insert a similar provision in all subcontracts for services to be covered by any contract resulting from this Request for Proposal.

D.

Accept & Initial

PERMITS, REGULATIONS, LAWS

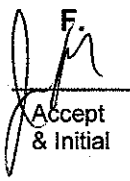
The contractor shall procure and pay for all permits, licenses and approvals necessary for the execution of the contract. The contractor shall comply with all applicable local, state, and federal laws, ordinances, rules, orders and regulations.

E.

Accept & Initial

OWNERSHIP OF INFORMATION AND DATA

The State of Nebraska shall have the unlimited right to publish, duplicate, use and disclose all information and data developed or derived by the contractor pursuant to this contract.

The contractor must guarantee that it has the full legal right to the materials, supplies, equipment, and other rights or titles (e.g. rights to licenses transfer or assign deliverables) necessary to execute this contract. The contract price shall, without exception, include compensation for all royalties and costs arising from patents, trademarks and copyrights that are in any way involved in the contract. It shall be the responsibility of the contractor to pay for all royalties and costs, and the State must be held harmless from any such claims.

F.

Accept & Initial

INSURANCE REQUIREMENTS

The contractor shall not commence work under this contract until he or she has obtained all the insurance required hereunder and such insurance has been approved by the State. If contractor will be utilizing any subcontractors, the contractor is responsible for obtaining the certificate(s) of insurance required herein under from any and all subcontractor(s). Contractor is also responsible for ensuring subcontractor(s) maintain the insurance required until completion of the contract requirements. The contractor shall not allow any subcontractor to commence work on his or her subcontract until all similar insurance required of the subcontractor has been obtained and approved by the contractor. Approval of the insurance by the State shall not limit, relieve or decrease the liability of the contractor hereunder.

If by the terms of any insurance a mandatory deductible is required, or if the contractor elects to increase the mandatory deductible amount, the contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

1. WORKERS' COMPENSATION INSURANCE

The contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contractors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the contractor shall require the subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. This policy shall include a waiver of subrogation in favor of the State. The amounts of such insurance shall not be less than the limits stated hereinafter.

2. COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE

The contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect contractor and any subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the contractor or by any subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

The Commercial General Liability Insurance shall be written on an occurrence basis, and provide Premises/Operations, Products/Completed Operations, Independent Contractors, Personal Injury and Contractual Liability coverage. The policy shall include the State, and others as required by the Contract Documents, as an Additional Insured. This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered excess and non-contributory. The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned and Hired vehicles.

3. INSURANCE COVERAGE AMOUNTS REQUIRED

a. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY

Coverage A	Statutory
Coverage B	
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$500,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

b. COMMERCIAL GENERAL LIABILITY

General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$2,000,000
Personal/Advertising Injury	\$1,000,000 any one person
Bodily Injury/Property Damage	\$1,000,000 per occurrence
Fire Damage	\$50,000 any one fire
Medical Payments	\$5,000 any one person

- c. **COMMERCIAL AUTOMOBILE LIABILITY**
Bodily Injury/Property Damage \$1,000,000 combined single limit
- d. **UMBRELLA/EXCESS LIABILITY**
Over Primary Insurance \$1,000,000 per occurrence

4. EVIDENCE OF COVERAGE

The contractor should furnish the State, with their proposal response, a certificate of insurance coverage complying with the above requirements to the attention of the Buyer, Administrative Services, State Purchasing Bureau, 301 Centennial Mall S, 1st Fl, Lincoln, NE 68508 (facsimile 402-471-2089). These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration and amounts and types of coverage afforded. If the State is damaged by the failure of the contractor to maintain such insurance, then the contractor shall be responsible for all reasonable costs properly attributable thereto.

Notice of cancellation of any required insurance policy must be submitted to Administrative Services State Purchasing Bureau when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

COOPERATION WITH OTHER CONTRACTORS

The State may already have in place or choose to award supplemental contracts for work related to this Request for Proposal, or any portion thereof.

1. The State reserves the right to award the contract jointly between two or more potential contractors, if such an arrangement is in the best interest of the State.
2. The contractor shall agree to cooperate with such other contractors, and shall not commit or permit any act which may interfere with the performance of work by any other contractor.

INDEPENDENT CONTRACTOR

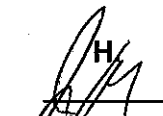
It is agreed that nothing contained herein is intended or should be construed in any manner as creating or establishing the relationship of partners between the parties hereto. The contractor represents that it has, or will secure at its own expense, all personnel required to perform the services under the contract. The contractor's employees and other persons engaged in work or services required by the contractor under the contract shall have no contractual relationship with the State; they shall not be considered employees of the State.

All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination against the contractor, its officers or its agents) shall in no way be the responsibility of the State. The contractor will hold the State harmless from any and all such claims. Such personnel or other persons shall not require nor be entitled to any compensation, rights or benefits from the State including without limit, tenure rights, medical and hospital care, sick and vacation leave, severance pay or retirement benefits.

CONTRACTOR RESPONSIBILITY

The contractor is solely responsible for fulfilling the contract, with responsibility for all services offered and products to be delivered as stated in the Request for Proposal, the contractor's proposal, and the resulting contract. The contractor shall be the sole point of contact regarding all contractual matters.


Accept
& Initial


Accept
& Initial


Accept
& Initial

If the contractor intends to utilize any subcontractors' services, the subcontractors' level of effort, tasks and time allocation must be clearly defined in the contractor's proposal. The contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal, in the performance of the contract, without the prior written authorization of the State. Following execution of the contract, the contractor shall proceed diligently with all services and shall perform such services with qualified personnel in accordance with the contract.

J.
Accept
& Initial

CONTRACTOR PERSONNEL

The contractor warrants that all persons assigned to the project shall be employees of the contractor or specified subcontractors, and shall be fully qualified to perform the work required herein. Personnel employed by the contractor to fulfill the terms of the contract shall remain under the sole direction and control of the contractor. The contractor shall include a similar provision in any contract with any subcontractor selected to perform work on the project.

Personnel commitments made in the contractor's proposal shall not be changed without the prior written approval of the State. Replacement of key personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

The State reserves the right to require the contractor to reassign or remove from the project any contractor or subcontractor employee.

In respect to its employees, the contractor agrees to be responsible for the following:

1. any and all employment taxes and/or other payroll withholding;
2. any and all vehicles used by the contractor's employees, including all insurance required by state law;
3. damages incurred by contractor's employees within the scope of their duties under the contract;
4. maintaining workers' compensation and health insurance and submitting any reports on such insurance to the extent required by governing State law; and
5. determining the hours to be worked and the duties to be performed by the contractor's employees.

Notice of cancellation of any required insurance policy must be submitted to the State when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

K.
Accept
& Initial

STATE OF NEBRASKA PERSONNEL RECRUITMENT PROHIBITION

The contractor shall not, at any time, recruit or employ any State employee or agent who has worked on the Request for Proposal or project, or who had any influence on decisions affecting the Request for Proposal or project.

L.
Accept
& Initial

CONFLICT OF INTEREST

By submitting a proposal, bidder certifies that there does not now exist any relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this Request for Proposal or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or appearance of conflict of interest.

The bidder certifies that it will not employ any individual known by bidder to have a conflict of interest.

M.

Accept
& Initial

PROPOSAL PREPARATION COSTS

The State shall not incur any liability for any costs incurred by bidders in replying to this Request for Proposal, in the demonstrations, or oral presentations, or in any other activity related to bidding on this Request for Proposal.

N.

Accept
& Initial

ERRORS AND OMISSIONS

The bidder shall not take advantage of any errors and/or omissions in this Request for Proposal or resulting contract. The bidder must promptly notify the State of any errors and/or omissions that are discovered.

O.

Accept
& Initial

BEGINNING OF WORK

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful contractor. The contractor will be notified in writing when work may begin.

P.

Accept
& Initial

ASSIGNMENT BY THE STATE

The State shall have the right to assign or transfer the contract or any of its interests herein to any agency, board, commission, or political subdivision of the State of Nebraska. There shall be no charge to the State for any assignment hereunder.

Q.

Accept
& Initial

ASSIGNMENT BY THE CONTRACTOR

The contractor may not assign, voluntarily or involuntarily, the contract or any of its rights or obligations hereunder (including without limitation rights and duties of performance) to any third party, without the prior written consent of the State, which will not be unreasonably withheld.

R.

Accept
& Initial

DEVIATIONS FROM THE REQUEST FOR PROPOSAL

The requirements contained in the Request for Proposal become a part of the terms and conditions of the contract resulting from this Request for Proposal. Any deviations from the Request for Proposal must be clearly defined by the bidder in its proposal and, if accepted by the State, will become part of the contract. Any specifically defined deviations must not be in conflict with the basic nature of the Request for Proposal or mandatory requirements. "Deviation", for the purposes of this RFP, means any proposed changes or alterations to either the contractual language or deliverables within the scope of this RFP. The State discourages deviations and reserves the right to reject proposed deviations.

S.

Accept
& Initial

GOVERNING LAW

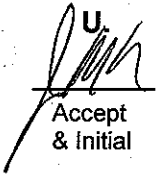
The contract shall be governed in all respects by the laws and statutes of the State of Nebraska. Any legal proceedings against the State of Nebraska regarding this Request for Proposal or any resultant contract shall be brought in the State of Nebraska administrative or judicial forums as defined by State law. The contractor must be in compliance with all Nebraska statutory and regulatory law.

T.

Accept
& Initial

ATTORNEY'S FEES

In the event of any litigation, appeal or other legal action to enforce any provision of the contract, the contractor agrees to pay all expenses of such action, as permitted by law, including attorney's fees and costs, if the State is the prevailing party.

U

Accept
& Initial

ADVERTISING

The contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. News releases pertaining to the project shall not be issued without prior written approval from the State.

V.

Accept
& Initial

STATE PROPERTY

The contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the contractor's use during the performance of the contract. The contractor shall reimburse the State for any loss or damage of such property; normal wear and tear is expected.

W

Accept
& Initial

SITE RULES AND REGULATIONS

The contractor shall use its best efforts to ensure that its employees, agents and subcontractors comply with site rules and regulations while on State premises. If the contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to between the State and the contractor.

X

Accept
& Initial

NOTIFICATION

During the bid process, all communication between the State and a bidder shall be between the bidder's representative clearly noted in its proposal and the buyer noted in Section II, A. Procuring Office and Contact Person of this RFP. After the award of the contract, all notices under the contract shall be deemed duly given upon delivery to the staff designated as the point of contact for this Request for Proposal, in person, or upon delivery by U.S. Mail, facsimile, or e-mail. Each bidder should provide in its proposal the name, title and complete address of its designee to receive notices.

1. Except as otherwise expressly specified herein, all notices, requests or other communications shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth above, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) days following deposit in the mail.
2. Whenever the contractor encounters any difficulty which is delaying or threatens to delay its timely performance under the contract, the contractor shall immediately give notice thereof in writing to the State reciting all relevant information with respect thereto. Such notice shall not in any way constitute a basis for an extension of the delivery schedule or be construed as a waiver by the State of any of its rights or remedies to which it is entitled by law or equity or pursuant to the provisions of the contract. Failure to give such notice, however, may be grounds for denial of any request for an extension of the delivery schedule because of such delay.

Either party may change its address for notification purposes by giving notice of the change, and setting forth the new address and an effective date.

For the duration of the contract, all communication between contractor and the State regarding the contract shall take place between the contractor and individuals specified by the State in writing. Communication about the contract between contractor and individuals not designated as points of contact by the State is strictly forbidden.



Accept
& Initial

EARLY TERMINATION

The contract may be terminated as follows:

1. The State and the contractor, by mutual written agreement, may terminate the contract at any time.
2. The State, in its sole discretion, may terminate the contract for any reason upon 30 days written notice to the contractor. Such termination shall not relieve the contractor of warranty or other service obligations incurred under the terms of the contract. In the event of cancellation the contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.
3. The State may terminate the contract immediately for the following reasons:
 - a. if directed to do so by statute;
 - b. contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
 - c. a trustee or receiver of the contractor or of any substantial part of the contractor's assets has been appointed by a court;
 - d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its contractor, its employees, officers, directors or shareholders;
 - e. an involuntary proceeding has been commenced by any party against the contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) days; or (ii) the contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the contractor has been decreed or adjudged a debtor;
 - f. a voluntary petition has been filed by the contractor under any of the chapters of Title 11 of the United States Code;
 - g. contractor intentionally discloses confidential information;
 - h. contractor has or announces it will discontinue support of the deliverable;
 - i. second or subsequent documented "vendor performance report" form deemed acceptable by the State Purchasing Bureau.



Accept
& Initial

FUNDING OUT CLAUSE OR LOSS OF APPROPRIATIONS


The State may terminate the contract, in whole or in part, in the event funding is no longer available. The State's obligation to pay amounts due for fiscal years following the current fiscal year is contingent upon legislative appropriation of funds for the contract. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal years for which such funds are not appropriated. The State will give the contractor written notice thirty (30) days prior to the effective date of any termination, and advise the contractor of the location (address and room number) of any related equipment. All obligations of the State to make payments after the termination date will cease and all interest of the State in any related equipment will terminate. The contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the contractor be paid for a loss of anticipated profit.

AA.

Accept
& Initial

BREACH BY CONTRACTOR

The State may terminate the contract, in whole or in part, if the contractor fails to perform its obligations under the contract in a timely and proper manner. The State may, by providing a written notice of default to the contractor, allow the contractor to cure a failure or breach of contract within a period of thirty (30) days (or longer at State's discretion considering the gravity and nature of the default). Said notice shall be delivered by Certified Mail, Return Receipt Requested or in person with proof of delivery. Allowing the contractor time to cure a failure or breach of contract does not waive the State's right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the contractor, the State may contract the service from other sources and hold the contractor responsible for any excess cost occasioned thereby.

BB.

Accept
& Initial

ASSURANCES BEFORE BREACH

If any document or deliverable required pursuant to the contract does not fulfill the requirements of the Request for Proposal/resulting contract, upon written notice from the State, the contractor shall deliver assurances in the form of additional contractor resources at no additional cost to the project in order to complete the deliverable, and to ensure that other project schedules will not be adversely affected.

CC.

Accept
& Initial

PENALTY

In the event that the contractor fails to perform any substantial obligation under the contract, the State may withhold all monies due and payable to the contractor, without penalty, until such failure is cured or otherwise adjudicated.

DD.

Accept
& Initial

PERFORMANCE BOND


The selected contractor may be required to supply a certified check or a bond executed by a corporation authorized to contract surety in the State of Nebraska, payable to the State of Nebraska, which shall be valid for the life of the contract to include any renewal and/or extension periods. The amount of the certified check or bond must be \$200,000.00. The check or bond if required will guarantee that the selected contractor will faithfully perform all requirements, terms and conditions of the contract. Failure to comply shall be grounds for forfeiture of the check or bond as liquidated damages. Amount of forfeiture will be determined by the agency based on loss to the State. The bond or certified check will be returned when the service has been satisfactorily completed as solely determined by the State, after termination or expiration of the contract.

EE.

Accept
& Initial

FORCE MAJEURE

Neither party shall be liable for any costs or damages resulting from its inability to perform any of its obligations under the contract due to a natural disaster, or other similar event outside the control and not the fault of the affected party ("Force Majeure Event"). A Force Majeure Event shall not constitute a breach of the contract. The party so affected shall immediately give notice to the other party of the Force Majeure Event. The State may grant relief from performance of the contract if the contractor is prevented from performance by a Force Majeure Event. The burden of proof for the need for such relief shall rest upon the contractor. To obtain release based on a Force Majeure Event, the contractor shall file a written request for such relief with the State Purchasing Bureau. Labor disputes with the impacted party's own employees will not be considered a Force Majeure Event and will not suspend performance requirements under the contract.

FF.

Accept
& Initial

PROHIBITION AGAINST ADVANCE PAYMENT

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

GG.

Accept
& Initial

PAYMENT

State will render payment to contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the contractor as solely determined by the State. Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408). The State may require the contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the contractor prior to the Effective Date, and the contractor hereby waives any claim or cause of action for any such services.

HH.

Accept
& Initial

INVOICES

Invoices for payments must be submitted by the contractor to the agency requesting the services with sufficient detail to support payment. The terms and conditions included in the contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

II.

Accept
& Initial

AUDIT REQUIREMENTS

All contractor books, records and documents relating to work performed or monies received under the contract shall be subject to audit at any reasonable time upon the provision of reasonable notice by the State. These records shall be maintained for a period of five (5) full years from the date of final payment, or until all issues related to an audit, litigation or other action are resolved, whichever is longer. All records shall be maintained in accordance with generally accepted accounting principles.

In addition to, and in no way in limitation of any obligation in the contract, the contractor shall agree that it will be held liable for any State audit exceptions, and shall return to the State all payments made under the contract for which an exception has been taken or which has been disallowed because of such an exception. The contractor agrees to correct immediately any material weakness or condition reported to the State in the course of an audit.

JJ.

Accept
& Initial

TAXES

The State is not required to pay taxes of any kind and assumes no such liability as a result of this solicitation. Any property tax payable on the contractor's equipment which may be installed in a state-owned facility is the responsibility of the contractor.

KK.

Accept
& Initial

INSPECTION AND APPROVAL

Final inspection and approval of all work required under the contract shall be performed by the designated State officials. The State and/or its authorized representatives shall have the right to enter any premises where the contractor or subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All

inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.


Accept
& Initial

CHANGES IN SCOPE/CHANGE ORDERS

The State may, at any time with written notice to the contractor, make changes within the general scope of the contract. Changes in scope shall only be conducted with the written approval of the State's designee as so defined by the State from time to time. (The State retains the right to employ the services of a third party to perform any change order(s)).

The State may, at any time work is in progress, by written order, make alterations in the terms of work as shown in the specifications, require the performance of extra work, decrease the quantity of work, or make such other changes as the State may find necessary or desirable. The contractor shall not claim forfeiture of contract by reasons of such changes by the State. Changes in work and the amount of compensation to be paid to the contractor for any extra work so ordered shall be determined in accordance with the applicable unit prices of the contractor's proposal.

Corrections of any deliverable services or performance of work required pursuant to the contract shall not be deemed a modification requiring a change order.


Accept
& Initial

SEVERABILITY

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular provision held to be invalid.


Accept
& Initial

CONFIDENTIALITY

All materials and information provided by the State or acquired by the contractor on behalf of the State shall be regarded as confidential information. All materials and information provided by the State or acquired by the contractor on behalf of the State shall be handled in accordance with Federal and State Law, and ethical standards. The contractor must ensure the confidentiality of such materials or information. Should said confidentiality be breached by a contractor, contractor shall notify the State immediately of said breach and take immediate corrective action.

It is incumbent upon the contractor to inform its officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable to contractors by 5 U.S.C. 552a (m)(1), provides that any officer or employee of a contractor, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000.


Accept
& Initial

PROPRIETARY INFORMATION

Data contained in the proposal and all documentation provided therein, become the property of the State of Nebraska and the data becomes public information upon opening the proposal. If the bidder wishes to have any information withheld from the public, such information must fall within the definition of proprietary information contained within Nebraska's public record

statutes. All proprietary information the bidder wishes the State to withhold must be submitted in a sealed package, which is separate from the remainder of the proposal. The separate package must be clearly marked PROPRIETARY on the outside of the package. Bidders may not mark their entire Request for Proposal as proprietary. Bidder's cost proposals may not be marked as proprietary information. Failure of the bidder to follow the instructions for submitting proprietary and copyrighted information may result in the information being viewed by other bidders and the public. Proprietary information is defined as trade secrets, academic and scientific research work which is in progress and unpublished, and other information which if released would give advantage to business competitors and serve no public purpose (see Neb. Rev. Stat. §84-712.05(3)). In accordance with Attorney General Opinions 92068 and 97033, bidders submitting information as proprietary may be required to prove specific, named competitor(s) who would be advantaged by release of the information and the specific advantage the competitor(s) would receive. Although every effort will be made to withhold information that is properly submitted as proprietary and meets the State's definition of proprietary information, the State is under no obligation to maintain the confidentiality of proprietary information and accepts no liability for the release of such information.

PP.

Accept
& Initial

CERTIFICATION OF INDEPENDENT PRICE DETERMINATION/COLLUSIVE BIDDING

By submission of this proposal, the bidder certifies, that he or she is the party making the foregoing proposal that the proposal is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation; that the proposal is genuine and not collusive or sham; that the bidder has not directly or indirectly induced or solicited any other bidder to put in a false or sham proposal, and has not directly or indirectly colluded, conspired, connived, or agreed with any bidder or anyone else to put in a sham proposal, or that anyone shall refrain from bidding; that the bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the proposal price of the bidder or any other bidder, or to fix any overhead, profit, or cost element of the proposal price, or of that of any other bidder, or to secure any advantage against the public body awarding the contract of anyone interested in the proposed contract; that all statements contained in the proposal are true; and further that the bidder has not, directly or indirectly, submitted his or her proposal price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, or paid, and will not pay, any fee to any corporation, partnership, company association, organization, proposal depository, or to any member or agent thereof to effectuate a collusive or sham proposal.

QQ.

Accept
& Initial

PRICES

All prices, costs, terms and conditions outlined in the proposal shall remain fixed and valid commencing on the opening date of the proposal until an award is made (and for bidder receiving award prices shall remain as bid for the duration of the contract unless otherwise so stated in the contract) or the Request for Proposal is cancelled.

Contractor represents and warrants that all prices for services, now or subsequently specified are as low as and no higher than prices which the contractor has charged or intends to charge customers other than the State for the same or similar products and services of the same or equivalent quantity and quality for delivery or performance during the same periods of time. If, during the term of the contract, the contractor shall reduce any and/or all prices charged to any customers other than the State for the same or similar products or services specified herein, the contractor shall make an equal or equivalent reduction in corresponding prices for said specified products or services.

Contractor also represents and warrants that all prices set forth in the contract and all prices in addition, which the contractor may charge under the terms of the contract, do not and will not violate any existing federal, state or municipal law or regulations concerning price discrimination and/or price fixing. Contractor agrees to hold the State harmless from any such violation. Prices quoted shall not be subject to increase throughout the contract period unless specifically allowed by these specifications.


RR.

BEST AND FINAL OFFER

The State will compile the final scores for all parts of each proposal. The award may be granted to the highest scoring responsive and responsible bidder. Alternatively, the highest scoring bidder or bidders may be requested to submit best and final offers. If best and final offers are requested by the State and submitted by the bidder, they will be evaluated (using the stated criteria), scored and ranked by the Evaluation Committee. The award will then be granted to the highest scoring bidder. However, a bidder should provide its best offer in its original proposal. Bidders should not expect that the State will request a best and final offer.

Accept
& Initial


SS.

ETHICS IN PUBLIC CONTRACTING

No bidder shall pay or offer to pay, either directly or indirectly, any fee, commission compensation, gift, gratuity, or anything of value to any State officer, legislator or employee based on the understanding that the receiving person's vote, actions or judgment will be influenced thereby. No bidder shall give any item of value to any employee of the State Purchasing Bureau.

Accept
& Initial

Bidders shall be prohibited from utilizing the services of lobbyists, attorneys, political activists, or consultants to secure the contract. It is the intent of this provision to assure that the prohibition of state contact during the procurement process is not subverted through the use of lobbyists, attorneys, political activists, or consultants. It is the intent of the State that the process of evaluation of proposals and award of the contract be completed without external influence. It is not the intent of this section to prohibit bidders from seeking professional advice, for example consulting legal counsel, regarding terms and conditions of this Request for Proposal or the format or content of their proposal.

If the bidder is found to be in non-compliance with this section of the Request for Proposal, they may forfeit the contract if awarded to them or be disqualified from the selection process.


TT.

INDEMNIFICATION

1. GENERAL

The contractor agrees to defend, indemnify, hold, and save harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the contractor, its employees, subcontractors, consultants, representatives, and agents, except to the extent such contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

Accept
& Initial


2. INTELLECTUAL PROPERTY

The contractor agrees it will at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the contractor or its employees, subcontractors, consultants, representatives, and agents; provided, however, the State gives the contractor prompt notice in writing of the claim. The contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the contractor has indemnified the State, the contractor shall at the contractor's sole cost and expense promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the contractor, and the State may receive the remedies provided under this RFP.

3. PERSONNEL

The contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel provided by the contractor.


Accept
& Initial

III. NEBRASKA TECHNOLOGY ACCESS STANDARDS

Contractor shall review the Nebraska Technology Access Standards, found at http://www.nitc.nebraska.gov/standards/accessibility/accessibility_standards.pdf and ensure that products and/or services provided under the contract comply with the applicable standards. In the event such standards change during the contractor's performance, the State may create an amendment to the contract to request that contract comply with the changed standard at a cost mutually acceptable to the parties.


Accept
& Initial


IV. ANTITRUST

The contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.


Accept
& Initial

V. DISASTER RECOVERY/BACK UP PLAN

The contractor shall have a disaster recovery and back-up plan, of which a copy should be provided to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue services as specified under these specifications in the event of a disaster.


Accept
& Initial

VI. TIME IS OF THE ESSENCE

Time is of the essence in this contract. The acceptance of late performance with or without objection or reservation by the State shall not waive any rights of the State nor constitute a waiver of the requirement of timely performance of any obligations on the part of the contractor remaining to be performed.

YY

Accept
& Initial

RECYCLING

Preference will be given to items which are manufactured or produced from recycled material or which can be readily reused or recycled after their normal use as per state statute (Neb. Rev. Stat. §81-15, 159).

ZZ

Accept
& Initial

DRUG POLICY

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

AAA

Accept
& Initial

NEW EMPLOYEE WORK ELIGIBILITY STATUS

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

BBB

Accept
& Initial

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND INELIGIBILITY

The contractor, by signature to this RFP, certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

II.
A.

TECHNICAL PROPOSAL

The Technical Proposal shall consist of four (4) sections:

1. SIGNED IN INK "State of Nebraska Request For Proposal For Contractual Services" form;
2. Executive Summary;
3. Corporate Overview; and
4. Technical Approach.

1. **REQUEST FOR PROPOSAL FORM**

By signing the "Request For Proposal For Contractual Services" form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the Terms and Conditions stated in this Request for Proposal and certifies bidder maintains a drug free work place environment.

The Request For Proposal For Contractual Services form must be signed in ink and returned by the stated date and time in order to be considered for an award.

The signed "Request For Proposal For Contractual Services" form is included. Also included is the accepted and initialed "Terms and Conditions" section.

2. **EXECUTIVE SUMMARY**

The Executive Summary shall condense and highlight the contents of the solution being proposed by the bidder in such a way as to provide the Evaluation Committee with a broad understanding of the Contractor's Technical Proposal.

Bidders must present their understanding of the problems being addressed by implementing a new system, the objectives and intended results of the project, and the scope of work. Bidders shall summarize how their Technical Proposal meets the requirements of the Request for Proposal, and why they are best qualified to perform the work required herein.

Flexible Spending Account Administration Services

ASIFlex has been a leading provider of innovative employee-benefit solutions since 1988 and currently services over 370 FSA clients representing over 130,000 flexible spending account participants nationwide. Our client list includes 13 state government entities and eight standalone state university systems, as well as many local government entities, and private organizations of all sizes. Pre-tax spending account program administration is our flagship business, and, as such, we devote considerable resources to enhancing our FSA administrative services.

The company does not sell voluntary insurance products, nor does it delve into other consultative capacities. ASIFlex's commitment to benefit administration significantly enhances its abilities to appropriately administer FSA programs and leads to significantly greater service levels and enrollment for its client groups.

ASIFlex's forte is tailoring its administrative protocols to meet the needs of its clients. By leveraging our team's expertise in pre-tax benefits along with our proprietary reimbursement software/database, we are able to meet and exceed the needs of our client groups. We are committed to working closely with benefit staff members to develop and implement enhanced benefit programs to significantly increase both the participant and administrator experience when working with the pre-tax spending programs.

As the incumbent, ASI has intimate knowledge of the State's flexible spending account program and employee population.

ASI offers a full-service solution which includes:

- **Health Care and Dependent Care Flexible Spending Accounts**
- **Rapid claim processing within one to three business days**
- **Payment by check or direct deposit to bank account; \$25 check minimum**
- **Account statement included with payment**
- **Superior service with quick and easy access to customer service representatives**
- **Extended service hours 7:00 a.m. – 7:00 p.m. CT weekdays; 9:00 a.m. – 1:00 p.m. CT Saturday**
- **Email and Text Alerts of account activity**
- **Mobile app in development now for 2013 delivery**
- **Online claim filing, debit card services, carrier interfaces, faxed or mailed claims**
- **Full-service educational website for plan participants**
- **Scheduled employer management reports; ad-hoc reports available at no additional cost**
- **Employer portal with on-demand reporting in development now**
- **Compliance assistance with Plan Documents/summary descriptions, non-discrimination testing, annual reporting as needed**
- **Employee communication materials, online video library, assistance with WebEx or on-site meetings**
- **Easy online enrollment services at no additional cost**
- **Account statements provided to participants annually, semi-annually or quarterly**
- **Enrollment Confirmation/Welcome packets sent to enrollees**

COBRA/Direct Billing Administration Services

ASI COBRA provides a "one stop" service for all functions of the COBRA program from implementation, client and customer service, to invoicing and eligibility reporting. ASI COBRA provides dedicated account management so we may provide your organization with the ultimate in COBRA compliance, convenience, communication and commitment.

ASI has provided comprehensive, full life-cycle COBRA administration services since 2009. Services can also include other direct billing of continuation coverage, such as retiree billing, leave-of-absence billing, etc. Currently, ASI

COBRA services 14 employer groups, representing over 65,000 eligible employees. Together, ASI's team has decades of experience with COBRA and Direct Billing arrangements.

Service features for COBRA and direct billing include:

- **COBRA Initial Notifications**
- **COBRA Qualifying Event Notifications sent within 14 calendar days**
- **Enrollment Processing**
- **Eligibility Reporting to carriers on a weekly basis**
- **HIPAA Certificates of Creditable Coverage**
- **On-going billing and premium collection and reconciliation**
- **Premium Disbursements returned to employer via ACH transaction monthly; or to carrier with employer reconciliation**
- **Superior service with quick and easy access to customer service representatives**
- **Customer Service hours 8:00 a.m. to 5:00 p.m. weekdays**
- **Full-service website for plan participants**
- **Full-service website for employers with on-demand management reporting**
- **Annual Open Enrollment Services**

ASI can work closely with the State to coordinate the transition to ASI COBRA. This would include obtaining a take-over file of existing COBRA and retiree plan participants. An announcement would be sent to the current population to announce the change. ASI COBRA would also work with the specific carriers to arrange reporting of eligibility on a regular basis, as well as to the Wellness Program provider.

ASI understands the unique needs for the Retiree group and can establish the plan parameters within the administration system. As the retiree group is unique from COBRA, the following would be considered:

- **Administration of medical, dental, vision, health care FSA, EAP**
- **Billing of 2% administrative fee only in certain situations for Retirees**
- **Life status change rules during the year**
- **Restrictions at open enrollment as to what changes can be made**
- **Unique requirements for State Patrol Lifer Retirees**

ASI's executive summary proposals for FSA and COBRA/Retiree Billing are included and provide specific details, as well as sample materials.

3. CORPORATE OVERVIEW

The Corporate Overview section of the Technical Proposal must consist of the following subdivisions:

a. BIDDER IDENTIFICATION AND INFORMATION

The bidder must provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business, whether

the name and form of organization has changed since first organized, and Federal Employer Identification Number and/or Social Security Number.

Application Software, Inc. DBA ASIFlex
201 West Broadway, Suite 4C
Columbia, MO 65203
Federal Tax ID: [REDACTED]

ASI COBRA, LLC
201 West Broadway, Suite 4C
Columbia, MO 65203
Federal Tax ID: [REDACTED]

Application Software, Inc. is headquartered in Columbia, MO where all processing and servicing is performed. ASI is a privately held corporation in the State of Missouri and was first organized in 1983. There has been no name change, only the addition of doing-business-as ASIFlex.

ASI COBRA, LLC is headquartered in Columbia, MO. ASI COBRA is a limited liability company in the State of Missouri and was first organized in 2011. There has been no name change.

b. FINANCIAL STATEMENTS

The bidder must provide financial statements applicable to the firm. If publicly held, the bidder must provide a copy of the corporation's most recent audited financial reports and statements, and the name, address and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information must be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm must provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

ASI's balance sheet for 12/31/2012 is included. Application Software, Inc. was formed in 1983, and has administered Section 125 pre-tax plans since 1987. ASI also provides COBRA and Direct Bill administration. Headquartered in Columbia, MO, ASI employs approximately 75 employees. Today, ASI provides services to over 370 clients, representing over 130,000 participants. Clients include 13 state

government entities and eight standalone state university systems, as well as many local government entities, and private organizations of all sizes. There have been no judgments, and there are no pending or expected litigation or other financial reversals that would affect the viability or stability of ASI.

**Banking Reference:
Central Bank
Ms. Pam Nuernberger
238 Madison Street
Jefferson City, MO 65101
573.634.1137**

c. CHANGE OF OWNERSHIP

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder must describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded vendor(s) will require notification to the State.

ASI anticipates no change in ownership or control of the companies during the twelve (12) months following the proposal due date.

d. OFFICE LOCATION

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska must be identified.

**All processing and servicing is performed from ASI's headquarters office located at:
201 West Broadway, Suite 4C
Columbia, MO 65203**

e. RELATIONSHIPS WITH THE STATE

The bidder shall describe any dealings with the State over the previous three (3) years. If the organization, its predecessor, or any party named in the bidder's proposal response has contracted with the State, the bidder shall identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

ASIFlex has contracted with the State of Nebraska to perform flexible spending account services since January 1, 2000. The current Contract Number is 36634 O4.

f. BIDDER'S EMPLOYEE RELATIONS TO STATE

If any party named in the bidder's proposal response is or was an employee of the State within the past thirty six (36) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

No party named in this RFP response is or was an employee of the State within the past thirty-six (36) months. No employee of any agency of the State is employed by ASI nor is a subcontractor to the bidder.

g. CONTRACT PERFORMANCE

If the bidder or any proposed subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other party's name, address and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting party.

***December 31, 2011, the State of New York terminated a contract to begin flexible spending account services on January 1, 2012 for convenience. Governor's Office of Employee Relations
2 Empire State Plaza, 8th Floor
Albany, NY 12223***

h. SUMMARY OF BIDDER'S CORPORATE EXPERIENCE

The bidder shall provide a summary matrix listing the bidder's previous projects similar to this Request for Proposal in size, scope and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder must address the following:

- i. Bidder must provide narrative descriptions to highlight the similarities between their experience and this Request for Proposal. These descriptions must include:

- a) the time period of the project;
 - b) the scheduled and actual completion dates;
 - c) the contractor's responsibilities;
 - d) for reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number and e-mail address); and
 - e) each project description shall identify whether the work was performed as the prime contractor or as a subcontractor. If a bidder performed as the prime contractor, the description must provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.
- ii. Contractor and subcontractor(s) experience must be listed separately. Narrative descriptions submitted for subcontractors must be specifically identified as subcontractor projects.
- iii. If the work was performed as a subcontractor, the narrative description shall identify the same information as requested for the contractors above. In addition, subcontractors shall identify what share of contract costs, project responsibilities, and time period were performed as a subcontractor.

Customer Name	Project Period	Scheduled/Completion Dates	Contractor Responsibilities	Project Description
State of WA Ms. Renee Bourbeau P: 360.725.0440 F: 360.923-2608 Renee.Bourbeau@hca.wa.gov	1/1/07 to current	Implementation scheduled and completed 1/1/2007	Prime contractors for implementation of FSA program, including setup, communication, document work and nondiscrimination testing.	Implement FSA plan for health care and dependent care accounts.
State of Missouri Ms. Libbie Farrell P: 573.751.3289 F: 573.526.9810 Libbie.Farrell@oa.mo.gov	1/1/1992 to current	Implementation scheduled and completed 1/1/1992	Prime contractor for implementation of FSA program, including setup, communication, document work and nondiscrimination testing. Also implementation of pretax benefit elections.	Implement pretax benefit elections and FSA plan for health care and dependent care accounts.
State of Kansas Mr. Mike Michael P: 785.296.1715 F: 785.368.7180 MMichael@kdheks.gov	1/1/2009 to current	Implementation scheduled and completed 1/1/2009	Prime contractor for implementation of FSA program, including setup, communication, document work and nondiscrimination testing.	Implement FSA plan for health care and dependent care accounts.
University of Colorado Ms. Michelle Martinez P: 303.860.4260 F: 303.860.4299	1/1/2012 to current	Implementation scheduled and completed 1/1/2012	Prime contractor for implementation of COBRA administration services to include	Takeover of existing COBRA population, announcement to

Michelle.Martinez@cu.edu			setup, all required notices, premium billing and collection, eligibility updates.	participants, issuing of coupons, on-going COBRA notices and premium billing and collection, carrier eligibility updates.
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i. SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH

The bidder must present a detailed description of its proposed approach to the management of the project.

The bidder must identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this Request for Proposal. The names and titles of the team proposed for assignment to the State project shall be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder shall provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the Request for Proposal in addition to assessing the experience of specific individuals.

Resumes must not be longer than three (3) pages. Resumes shall include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

John Riddick is the founder and owner of ASI and will serve as the executive sponsor. Under John's leadership the company has grown consistently since its inception and has always put the client and participant needs at the forefront of its business agenda. With over 25 years of employee benefit administration experience, John has been part of the many legislative changes that have taken place during those years and has been able to provide valuable experience when working with clients. John is certified as a Government Benefits Administrator (CGBA) as identified by the State and Local Government Association (SALGBA) and as a Flexible Compensation Instructor (CFCI). He graduated from the University of Missouri in mathematics. As a member of Phi Beta Kappa, John pursued post-graduate coursework in Business, Psychology and Computer Science.

Jan Jackson is General Counsel and Chief Compliance Officer. Jan is a leader who performs well in the ever changing benefit administration environment. With more than 9 years of experience in providing legal

counsel to government agencies, Jan brings a wealth of public and health-related experience to ASI's organization. Prior to joining ASI, Jan was the Interim Executive Director for the Missouri Consolidated Health Care Plan which provided employee benefits to more than 106,000 members. Along with providing the company and our clients with answers to plan-related questions that arise, she will assist in the preparation of legal documents and analyze legislation as it becomes law. Jan is a graduate of the University of Missouri with a Juris Doctor and is licensed by the Missouri Bar Association.

Rock Hall is Chief Financial Officer. Rock oversees all of ASI's financial operations and supports the management team in maintaining the company's overall strategy in sustained growth and profitability. Rock brings a wide range of experience in the field of benefit administration, having been part of the management team of two other Third Party Administrators that experienced substantial growth during the years of his employment. Prior to joining ASI, Rock was CFO for Creative Benefits, which was acquired by WageWorks in the fall of 2008. Rock is a graduate of University of Montana with a BS in Accounting and is a Certified Public Accountant. He is a Certified Flexible Benefits Instructor (CFBI) through the Employers Council of Flexible Compensation (ECFC).

Anita Spencer is an account executive and supports the ASI marketing initiatives and client services for new and existing FSA and COBRA clients. Anita will work closely with the account managers and will provide account oversight, assist with strategic planning and regulatory updates. She is a seasoned benefit professional with over 25 years experience within the benefits industry. Her prior experience includes eight years with UnitedHealth Group as a senior strategic account executive handling national client accounts, and nearly 20 years with a regional brokerage firm, SilverStone Group. Anita earned her Certified Employee Benefit Specialist (CEBS) designation from the International Society of Certified Employee Benefit Specialists.

Galen Young joined ASI while still a student at the University of Missouri. After earning his degree in Communications, he was promoted to a customer service supervisory position within the company, and then started working in the account management department in 2010. Galen is responsible for maintaining existing FSA client relationships, implementing new clients, and investigating and resolving client concerns. Galen will be the primary contact and work with the State on a day-to-day basis.

Matt Breske is a COBRA Account Manager with seven years of flexible spending account and COBRA/Direct Bill experience at ASIFlex and ASI COBRA. He is a graduate of the University of South Dakota with Bachelors of Science. He began his ASI career as an Account Manager for ASIFlex. Matt has been part of the ASIFlex Account Management team where he was responsible for implementation, open enrollment, payroll data exchange, service questions and changes for his respective clients. He has also been part of the Marketing and Communications team responsible for completing

Requests for Proposals (RFP) and helping to create marketing campaigns for ASIFlex. For the past few years Matt has been worked with ASI COBRA by growing its client list through the RFP process, implementing new clients, and managing the daily workflow for established clients.

j. SUBCONTRACTORS

If the bidder intends to subcontract any part of its performance hereunder, the bidder must provide:

- i. name, address and telephone number of the subcontractor(s);
- ii. specific tasks for each subcontractor(s);
- iii. percentage of performance hours intended for each subcontract; and
- iv. total percentage of subcontractor(s) performance hours.

Evolution1, the nation's largest electronic payment solution provider, will provide the debit card solution, if this service is elected by the State. Evolution1 will be responsible for the production and delivery of debit cards to health care FSA participants, and will also perform on-going record-keeping of card activity and transactions. If debit cards are offered, estimated hours per month are unknown. However, these services are in addition to the hours performed by ASIFlex.

***Evolution1
82 Hopmeadow Street, Suite 220
Simsbury, CT 06089
800-678-7784***

Midwest Mailing provides print and mail fulfillment services for ASI and has for the past 15 years. Estimated three hours per month.

***Midwest Mailing
PO Box 723
Columbia, MO 65205-0723
573.474.8877***

4. TECHNICAL APPROACH

The technical approach section of the Technical Proposal must consist of the following subsections:

- a. understanding of the project requirements;

ASI understands the project requirements include the State's criteria of obtaining a competitive cost effective program for Flexible Spending Account administration and COBRA/Retiree Billing services. ASI understands the State seeks comprehensive administrative services to include accurate and timely administration, management reporting, easy access to ASI management team and efficient electronic solutions. ASI understands references may be contacted.

- b. proposed development approach;

ASI will assign an account management team to work with the State on the renewal of the FSA program, and transition of the COBRA/Retiree Billing function. ASI will meet with State representatives to complete an implementation document for each service. The implementation document is utilized to capture specific information such as contact information for employer, contact information for carriers or other contractors, specific plan parameters, processing guidelines, banking arrangements, employee communication, etc. This document assures understanding of the processes and procedures for both the State and ASI, and dictates how services will be provided going forward. A suggested implementation timeline is included, however, this timeline will be adjusted as needed in order to implement both services effective July 1, 2013. During the implementation process, ASI would schedule weekly touch-point calls with the State to assure the project remains on task to meet the timeline requirements.

c. technical considerations;

ASI will identify specific processing parameters as required by the State and incorporate electronic and other solutions to meet the requirements. File specifications will be provided as needed to facilitate reporting of eligibility, payroll contributions, coverage events, etc. Testing of data files may be required as it relates to the COBRA/Retiree Billing services and this would be included within the timeline.

ASI's executive summary proposals for FSA and COBRA/Retiree Billing are included and provide specific details, as well as sample materials.

Form A

Bidder Contact Sheet

Request for Proposal Number 4292 Z1

Form A should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Application Software, Inc DBA ASIFlex and ASI COBRA
Bidder Address:	201 West Broadway, Suite 4C Columbia, MO 65203
Contact Person & Title:	Anita Spencer, Account Executive
E-mail Address:	aspencer@asiflex.com
Telephone Number (Office):	573.999.6632
Telephone Number (Cellular):	573.999.6632
Fax Number:	573.442-4435

Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Application Software, Inc DBA ASIFlex and ASI COBRA
Bidder Address:	201 West Broadway, Suite 4C Columbia, MO 65203
Contact Person & Title:	Anita Spencer, Account Executive
E-mail Address:	aspencer@asiflex.com
Telephone Number (Office):	573.999.6632
Telephone Number (Cellular):	573.999.6632
Fax Number:	573.442-4435

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

ASIFlex

Administrative Activities	Sample Response	Vendor Explanation
Services		
Contractor will adhere to and comply with all Federal policies and guidelines	Yes / No and Description of Service	Yes. ASIFlex's Compliance Team will review the plan design to insure that adherence to IRS regulations is maintained. ASIFlex does not allow for reimbursement in methods not allowed explicitly by the IRS.
Reimbursement frequency - how often are payments processed to employees	Daily, Weekly, Monthly and Description of Service	Claims are processed daily, with reimbursements processed daily.
Claims processing turnaround time - time from when a clean claim is received by Contractor to the time a payment is made to the employee. Should be within 4 business days or less	# of days and is this an average	Claims are processed within one to three business days.
Mode for claims submission	Mail, Fax, Toll Free Fax, Online	Claims may be submitted online through the secure website, or by mail or toll-free fax. ASIFlex can also provide debit card services, and can support electronic interface with carriers to receive claim files for automatic processing. ASIFlex is in development of a mobile application to allow for easy claim submissions. In addition, ASIFlex is also developing a new service, FlexMinder, that will monitor participant health plans to identify carrier claims with qualified out-of-pocket health care expenses that can be reimbursed from a FSA or HRA. FlexMinder will then automatically prepare and submit FSA or HRA claims and monitor account balances so employees don't forfeit money at year end.
Direct deposit available (provide a sample form)	Yes / No and Description of Service	Yes. FSA participants may choose to receive reimbursement by check sent to the home, or direct deposit to a designated bank account.
Debit card available (optional service to be determined by the State)	Yes / No and Description of Service	Yes. The debit card solution is provided through Evolution Benefits for health care FSA participants, and is optional at the participant level. Two cards are provided and there is no charge for additional or replacement cards. ASIFlex adheres to IRS regulations in the administration of the card solution.
Debit card vendor and any specific debit card requirements	Vendor and card requirements	ASIFlex partners with Evolution Benefits for delivery of the debit card solution. To assure success of the program, employers must commit to appropriate and consistent communication, and support the IRS required documentation process.

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

ASIFlex

Administrative Activities	Sample Response	Vendor Explanation
<p>Please indicate under what circumstances will a debit card user be asked for receipts/additional information to complete substantiation</p>	<p>Description of Service</p>	<p>All card transactions must be substantiated and some transactions can be accepted without supporting documentation; while other transactions can be accepted only with supporting documentation. Transactions that can be electronically substantiated include:</p> <ul style="list-style-type: none"> - Flat dollar co-pays up to five times the highest known co-pay, for the employer-sponsored medical, dental or vision plan that the participant has elected; - Recurring expenses that match a previously approved transaction as it relates to the provider, dollar amount and time period; - Claim file provided from the medical, dental or vision provider than can be matched to debit card transactions; or, - Transactions at merchants maintaining a compliant Inventory Information Approval System (IIAS) for over-the-counter health care products and prescription medications. <p>Any transaction that does not meet the above criteria must be reviewed for compliance with supporting documentation provided like any other claim.</p>
<p>Locations that will accept the Debit Card</p>	<p>Provide Locations and any usage limitations at each location</p>	<p>Today, thousands of merchants are compliant with IIAS. The list of merchants can be viewed at www.asiflex.com/debitcards.html, under Quick Links, click on "List of IIAS Approved Merchants."</p>
<p>Customer service phone number for participants and hours of operation</p>	<p>Yes / No and Description of Service</p>	<p>Yes. Participants may contact ASIFlex's Customer Service Representatives (CSRs) via toll free telephone at 1-800-659-3035 from 7:00 a.m. to 7:00 p.m. CT weekdays, and from 9:00 a.m. to 1:00 p.m. CT on Saturday. Both English and Spanish-speaking CSRs are available to assist callers. Participants may also contact ASIFlex via email at asi@asiflex.com.</p>
<p>Account balance reflected on EOB after each claim submission</p>	<p>Yes / No and Description of Service</p>	<p>Yes. Current account information is included with each reimbursement.</p>
<p>Are EOB's sent to employees after each claims submission</p>	<p>Yes / No and Description of Service</p>	<p>Yes. An explanation of the benefits paid is provided with each reimbursement.</p>

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

ASIFlex

Administrative Activities	Sample Response	Vendor Explanation
Creation and maintenance of a plan document that incorporates the State's Section 125 components including medical, dental, vision and flex.	Yes / No and Description of Service	Yes. ASIFlex will create and maintain the Section 125 plan document.
Creation and maintenance of an SPD and SBC	Yes / No and Description of Service	Yes. ASIFlex will create and maintain the Section 125 SPD and the SBC, if required.
Frequency of written communication regarding plan balance to participants and method of delivery (provide samples)	Monthly, Quarterly, etc.	Participants receive notice of the account status with each reimbursement and also have access to detailed account information 24/7 through the secure website. Participant account statements are available on an annual, semi-annual or quarterly basis.
Dedicated account management (provide resumes of account team assigned to the State)	Yes / No and Description of Service	<p>Yes. Both an account executive and account manager will be assigned to the State.</p> <p>Galen Young joined ASIFlex while still a student at the University of Missouri. After earning his degree in Communications, he was promoted to a customer service supervisory position within the company, and then started working in the account management department in 2010. Galen is responsible for maintaining key client relationships, implementing new clients, and investigating and resolving client concerns.</p> <p>Anita Spencer, account executive, will provide account oversight, assist with strategic planning and regulatory updates. Anita is a seasoned benefits professional with over 25 years experience and was one of the consultants originally involved with the State's establishment of the Section 125 plan.</p>

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

ASIFlex

Administrative Activities	Sample Response	Vendor Explanation
<p>Provide samples of available employer daily, weekly, monthly, annual management and error reports. Does this specifically include a Payroll Discrepancy report?</p>	<p>Sample Reports</p>	<p>ASIFlex provides a full suite of management reports and can also provide ad-hoc reporting at no additional cost. The standard management reports include: Year-to-Date Status Report - Summary, by participant, of all year-to-date participant activity. Discrepancy Reports - Following receipt of employer contribution/payroll data files, ASIFlex will send a Discrepancy Report to the appropriate payroll/personnel center each payroll cycle that will cite any and all salary reductions that do not match the expected amounts. Reimbursement Listing - The reimbursement listing summarizes claims payment activity during the specified period within the selected plan year. Payment/Contribution Report - The Payment/Contribution Report summarizes each participant's claims reimbursements and payroll contributions during the specified reporting period and plan year-to-date through the end of the reporting period. Email daily activity notice - This notice will notify the State of the amounts issued that day for each flexible spending account.</p>
<p>The State requires reporting by Agency. Confirm whether this capability is available.</p>	<p>Yes / No and Description of Service</p>	<p>Yes. Reports can be provided on any frequency requested by the State, and different reports can be provided to different agencies on a regular basis.</p>
<p>Vendor can provide Non-Discrimination Testing for the State</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASIFlex can provide testing upon request.</p>
Enrollment / Eligibility		
<p>Ability to use an identifier other than a participant's Social Security Number</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASIFlex can utilize SSN or an employer-assigned identification number.</p>
<p>Enrollment lead time requirement</p>	<p>Yes / No and Description of Service</p>	<p>As the incumbent, ASIFlex could assist with enrollment activity as required. Should the State elect debit card services, the enrollment would need to be completed and provided to ASIFlex no later than June 7 in order to assure card delivery by July 1.</p>
<p>Enrollment support at all Open Enrollment events</p>	<p>Yes / No and Description of Service</p>	<p>Yes. As it has done over the past several years with the State, ASIFlex will support open enrollment events as needed.</p>
<p>Enrollment kits (provide a sample)</p>	<p>Yes / No and Description of Service</p>	<p>Yes. Enrollment material is available consisting of a FSA overview, expense worksheet and OTC information.</p>
<p>Payroll stuffers/brochures (provide a sample)</p>	<p>Yes / No and Description of Service</p>	<p>Yes. Enrollment material is available consisting of a FSA overview, worksheet, eligible expenses information and OTC information.</p>

**State of Nebraska
Request for Proposal
Flexible Spending Account Administration**

Vendor Name:

ASIFlex

Administrative Activities	Sample Response	Vendor Explanation
Electronic Transfers of Eligibility upon implementation and weekly thereafter.	Yes / No and Description of Service	Yes. ASIFlex can accept electronic transfer of eligibility on a weekly basis.
Will accept the State's file and record format for eligiblity files sent weekly	Yes / No and Description of Service	Yes. ASIFlex can accept electronic files in the State's format.
Ability to accommodate multiple payroll cycles (Please indicate if there is a limit)	Yes / No and Description of Service	Yes. ASIFlex can accommodate any number of payroll cycles.
Ability to continue to administer flex for terminated participants with positive account balances	Yes / No and Description of Service	Yes. ASIFlex can continue to administer FSA accounts for terminated participants with a positive balance under COBRA.
Implementation		
Provide an implementation time line	Yes / No and Description of Service - detail time frame needed to implement with an 7/1 effective date	Yes. A suggested implementation schedule is included in the executive response section.
Web Capabilities		
Interactive secure website for participants (provide screen shots)	Yes / No and Description of Service	Yes. FSA participants may access detailed account information through the secure website at www.asiflex.com. Employers will also have access through the secure Employer Portal to view specific participant account status.
Online tracking of participant claims in process and completed via a secure web site (provide sample screen shots)	Yes / No and Description of Service	Yes. FSA participants may view detailed claim information through the secure website.
Participants Account balance and each years history of claims submitted reflected on the secure website	Yes / No and Description of Service	Yes. FSA participants may view details of current and prior year claims history through the secure website.

**State of Nebraska
Request for Proposal
COBRA and Retiree Administration and Direct Billing**

Vendor Name: ASI COBRA

Administrative Activities	Sample Response	Vendor Explanation
Communication & Reporting		
Contractor will adhere and comply with all Federal COBRA polices and guidelines	Yes / No and Description of Service	Yes. ASI COBRA adheres to Federal regulations in the administration of COBRA compliance.
New COBRA Contractor Announcement Letter (provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA can provide a COBRA announcement letter.
Initial COBRA General Notice for New Hires (employee and spouse when required and provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA can provide the Initial/General COBRA notice to employee and spouse, as required.
State Notifies Contractor of Qualifying Event (provide a sample)	Yes / No and Description of Service	Yes. The State can notify ASIFlex of qualifying events via the secure website, or via electronic file.
Contractor Sends Out Notice and Election Form (provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA will send the qualifying event notification/election form via first class mail, with proof of mailing, within 14 calendar days.
Contractor Sends Certificate of Coverage/HIPAA Notice (provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA can send the HIPAA Certificate of Creditable Coverage.
Contractor Sends Notice of Unavailability of Continuation Coverage (provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA can send a Notice of Unavailability of COBRA notice.
Contractor Sends Notice of Termination of Continuation Coverage (provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA can send the Notice of Termination of COBRA coverage.
Contractor sends monthly billing reminders and or payment coupons to Qualified Beneficiaries (provide a sample)	Yes / No and Description of Service	Yes. ASI COBRA provides payment coupons.
Contractor sends late payment reminders to Qualified Beneficiaries (provide a sample)	Yes / No and Description of Service	ASI COBRA provides payment coupons upfront; and sends a Notice of Termination in the event premium is not paid timely.
Premium collection		
Contractor Collects Monthly Payments. Identify methods for premium collections.	Yes / No and Description of Service	Yes. ASI COBRA tracks participant accounts and collects premiums on a monthly basis. Payments are accepted by check or money order mailed to ASI COBRA.

**State of Nebraska
Request for Proposal
COBRA and Retiree Administration and Direct Billing**

Vendor Name: ASI COBRA

Administrative Activities	Sample Response	Vendor Explanation
<p>You can adhere to the current premium collection process that the State follows:</p> <ul style="list-style-type: none"> • Premiums are due by the first of the month in which coverage exists. • Envelope must be postmarked on or prior to the last day of the current month for the next month of coverage. • If premium is not collected by the first working day of the month, coverage is suspended. Immediately notify the State when coverage suspension is required. • If a premium is collected at any time during the month of suspension, coverage is reinstated for that month. Immediately notify the State when coverage reinstatement is required. • If no premium is collected by the end of that month, coverage is permanently terminated. Immediately notify the State when coverage termination is required. • Written notices must be sent for each action taken. 	<p>Yes / No and Description of Service</p>	<p>Yes. Premiums are due by the first of the calendar month. Payment envelopes must be postmarked on or before the end of the calendar month for which coverage is effective.</p> <p>Coverage is extended only through the date that premium is paid; otherwise coverage is suspended until such time that payment is received.</p> <p>If premium is received, coverage can be reinstated through the month that premium is paid.</p> <p>If premium is not paid by the end of the calendar month, coverage is terminated and eligibility updates are provided to the carrier(s). Current management reports are available to the State reflecting the paid-through-date and account status for each enrolled beneficiary.</p>
<p>Contractor returns all payments that do not match the required monthly premium amount. If bidder has another method, please describe.</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASI COBRA accepts payment and notifies the COBRA participant of any shortage due.</p>
<p>Contractor Remits Payment to State broken down by plan with a detailed reconciliation by individual</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASI COBRA will reconcile and disburse premiums to the State on a monthly basis, following the close of each calendar month within ten business days.</p>
<p>Contractor will issue all notices to the participants via first class mail with proof of mailing</p>	<p>Yes / No and Description of Service</p>	<p>Yes. Notices are mailed via first-class mail, with proof of mailing.</p>
<p>Contractor maintains proof of mailings</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASI COBRA maintains records of proof of mailings.</p>
Direct Billing Services (COBRA & Retirees)		
<p>Contractor will handle direct billing administration for all COBRA and Retirees</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASI COBRA can track and bill both COBRA and Retiree participants.</p>
<p>Please indicate the integration capabilities of the direct billing services with COBRA and Retiree administration services</p>	<p>Yes / No and Description of Service</p>	<p>ASI COBRA can track both COBRA and Retiree participants.</p>
<p>State notifies Contractor of qualifying event. Please identify all notification options accepted by the Contractor</p>	<p>Yes / No and Description of Service</p>	<p>Yes. The State can notify ASIFlex of qualifying events via the secure website, or via electronic file.</p>
<p>Please describe how premium payments can be remitted to Contractor</p>	<p>Yes / No and Description of Service</p>	<p>Premium payments are accepted by check or money order mailed to ASI COBRA. Recurring ACH debit payment option is in development for delivery later this year.</p>
<p>Contractor will communicate eligibility changes and collect all documents of the qualified change as they occur</p>	<p>Yes / No and Description of Service</p>	<p>Yes. ASI COBRA will track any changes in elections/coverage and report eligibility changes to each carrier.</p>
Interface & Communications		

**State of Nebraska
Request for Proposal
COBRA and Retiree Administration and Direct Billing**

Vendor Name: ASI COBRA

Administrative Activities	Sample Response	Vendor Explanation
Contractor Manages Open Enrollment Communications & Process for COBRA Participants (mail letters, update elections, Contractor notifications, send new coupons/invoices)	Yes / No and Description of Service	Yes. ASI COBRA can assist the State with annual open enrollment by sending a letter, election form, new plan year rates and benefit summaries. New payment coupons are provided, and any eligibility updates are reported to the carriers.
Contractor Sends COBRA Letters to Terminated Employees with Health Care Flexible Spending Accounts and/or Employee Assistance Program	Yes / No and Description of Service	Yes. ASI COBRA provides COBRA administration for all COBRA health plans, such as health care FSAs and EAPs.
Contractor will provide a weekly file to all related benefit State Contractors of eligible Qualified Beneficiaries	Yes / No and Description of Service	Yes. ASI COBRA will report eligibility updates to carriers on a weekly basis.
Contractor Sends Medicare Eligibility Notifications	Yes / No and Description of Service	Yes. Based on the participant date of birth, ASI COBRA will send a notice to the individual to remind him or her of eligibility for Medicare.
Tools & Service		
Provide On-Line New Hire , Termination & Qualified Beneficiary Entry by State	Yes / No and Description of Service	Yes. The State can report new hires and qualifying events online through the secure website, or by electronic file.
Provide On-Line Inquiry of Qualified Beneficiary Status	Yes / No and Description of Service	Yes. Both the State and the participant may view detailed account information include coverages elected and payment history.
Provide Customer Service call center (Identify hours of service).	Yes / No and Description of Service	Yes. ASI COBRA customer service representatives are available from 8:00 a.m. to 5:00 p.m. CT, weekdays.
Provide Toll-Free Number to call center	Yes / No and Description of Service	Yes. ASI COBRA provides a toll-free telephone line for participants.
Provide monthly management reports (provide sample)	Yes / No and Description of Service	Yes. ASI COBRA provides a full suite of management reports which are available on-demand, 24/7, through the secure website.
Provide Records Retention (identify length of time)	Yes / No and Description of Service	Yes. ASI COBRA maintains records for at least seven years.
Implementation		
Provide an implementation time line	Yes / No and Description of Service - detail time frame needed to implement with an 7/1 effective date	Yes. A suggested implementation timeline is included.



CERTIFICATE OF LIABILITY INSURANCE

 DATE (MM/DD/YYYY)
 02/01/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER The Insurance Group, Inc. 200 East Southampton Drive Columbia, MO 65203 Charles W. Digges, Jr., CIC	Phone: 573-875-4800 Fax: 573-875-4514	CONTACT NAME: Bridgette Bigelow PHONE (A/C, No, Ext): 573-875-4800 E-MAIL ADDRESS: bbigelow@theinsurancegrp.com FAX (A/C, No): 573-875-4514
	INSURER(S) AFFORDING COVERAGE INSURER A: Companion Property & Casualty INSURER B: Cincinnati Insurance Company INSURER C: Chubb Group of Ins. Co. INSURER D: INSURER E: INSURER F:	
INSURED Application Software, Inc John Riddick P O Box 6044 Columbia, MO 65205	NAIC # 10677	

COVERAGES

CERTIFICATE NUMBER: 2013

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVP	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		EPP0134715	03/09/2012	03/09/2013	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
B	<input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		EPP0134715	03/09/2012	03/09/2013	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0					
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	BNA7114984	07/01/2012	07/01/2013	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
	N/A					
C	Professional Liab		82247584	01/01/2013	01/01/2014	Occurrenc 3,000,000 Aggregate 4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

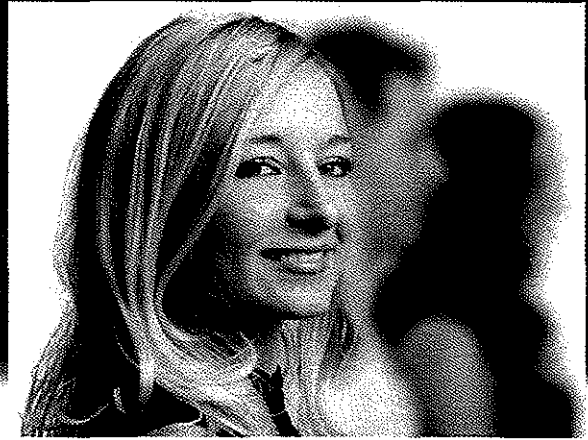
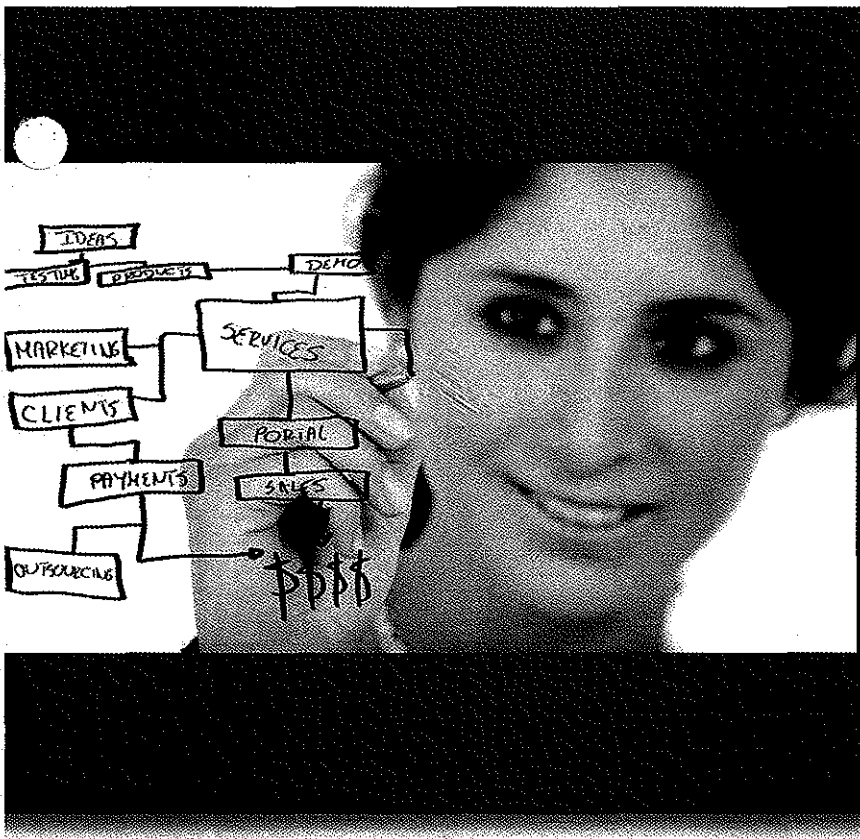
CANCELLATION

 Application Software Inc.
 P O Box 6044
 Columbia, MO 65205

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Marissa Spencer



**Providing FSA, HRA, HSA, and Commuter Benefit
Administrative Services**

**STATE OF NEBRASKA RFP 4292 Z1
EXECUTIVE RESPONSE PROPOSAL
FOR
FLEXIBLE SPENDING ACCOUNT
ADMINISTRATIVE SERVICES**

ASIFlex Company

Your choice for FSA, HRA, Commuter Benefit, FSA and COBRA administrative services!

Executive Summary

Application Software, Inc. (ASIFlex) was founded in 1983 and has been administering pre-tax employee benefit programs since 1987. ASIFlex is a leading provider of pre-tax employee benefit programs to state government entities in the nation, and **currently provide FSA and Commuter Benefit Program administrative services to 13 state governments.** ASIFlex is unique in that its product line is restricted to the administration of tax-favored employee benefits, meaning that all financial and administrative resources are devoted to furthering the company's administrative and technological capabilities in this arena. The company does not sell voluntary insurance products, nor does it delve into other administrative or consultative capacities. ASIFlex's management team feels that the commitment to one line of service significantly enhances its abilities to appropriately administer FSA programs and leads to significantly greater service levels and enrollment for its client groups.

ASIFlex's forte is tailoring its administrative protocols to meet the needs of its clients. By leveraging our team's expertise in pre-tax benefits along with our proprietary reimbursement software/database, we are able to meet and exceed the needs of our client groups. We are committed to working closely with benefit staff members to develop and implement enhanced benefit programs to significantly increase both the participant and administrator experience when working with the pre-tax spending programs.

ASIFlex provides its clients with:

- **Flexibility** ASIFlex will work directly with the State of Nebraska and will provide considerable flexibility to meet the needs of both administrators and participants. ASIFlex's management team is committed to meeting the needs of the State, and its participants, and will diligently work to improve the pre-tax programs available to all eligible employees.
- **Dedicated Account Services Team** ASIFlex will create a dedicated Account Services team for the the State. Additionally, ASIFlex will meet regularly with the State's benefit staff to discuss the overall success of the program, and to work through any potential problems.
- **Live Customer Service Option** ASIFlex is proposing to provide the State with direct access to a live customer service representative, rather than having a participant routed through an IVR. In 2012, ASIFlex fielded more than 250,000 calls, and the average answer time was 12 seconds. This means that employees will be able to ascertain answers to questions in very short order.
- **Optional spending account card** ASIFlex partners with Evolution Benefits, the leading provider of FSA debit cards in the nation, to provide a simple, IRS compliant debit card to facilitate the participant experience in the FSA program. ASIFlex anticipates that electronic adjudication rates for the State of Nebraska program will exceed 80%, and could go higher if the State will work with ASIFlex to help communicate appropriate use of the card to FSA participants.
- **Email alerts** ASIFlex can provide ongoing communications to participants to improve awareness of expenditures and account balances. The email notifications will provide a generic notification to the participant stating that he/she has had activity on his/her FSA/HRA, and the participant will be provided a link to log in to ASIFlex's secure online message center to retrieve the information.



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- **Carrier connectivity** ASIFlex can coordinate claims processing from multiple carriers and use these feeds to issue reimbursements automatically or to substantiate debit card transactions.
- **Participant satisfaction** ASIFlex provides a seamless, hassle-free experience. Daily reimbursement, direct deposit and rapid processing ensure a timely and convenient process for participants (claims are typically processed within one business day of receipt).
- **Comprehensive support** ASIFlex's Account Services Team is proposing to provide the State with clear, concise pre-enrollment and ongoing communications and support.
- **Employer reporting** Standard and ad hoc reporting capabilities are available to the State at no additional charge.
- **Compliance services** ASIFlex will provide the State with annual non-discrimination testing through our experienced compliance team, as well as plan document and summary plan description development and support from our on-staff legal team.

The ASIFlex Difference - Participant Service

- ✓ **Access to a live Customer Service Representative:** All calls to ASIFlex's customer service center are answered by a live individual, not funneled through an automated call distributor (ACD) system. This direct line to ASIFlex's customer service center eliminates frustration on the part of callers as all wait and/or hold times are eradicated and immediate resolution is afforded to callers with inquiries and/or questions. ASIFlex's management team regularly reviews calls taken by each CSR to ensure a high degree of accuracy and courteous behavior are extended on each call. ASIFlex receives regular compliments for both its considerate customer service and prompt pickup times.
- ✓ **Next day claim processing and payment:** ASIFlex processes claims on average within one to three business days of receipt. ASIFlex's participants have become accustomed to this expedient service and ASIFlex has found that this method of claims processing and payment has ingratiated its services with its client base. ASIFlex's management team has found that peer-to-peer marketing of ASIFlex's reliable services and the benefits inherent with flexible spending accounts serves to generate considerable interest in the FSA program.
- ✓ **Optional reimbursement methods:** ASIFlex provides its FSA participants with three methods of accessing pre-tax dollars:



ASIFlex's hassle-free programs will allow you and your employees to maximize savings!

Traditional Claim Processing: ASIFlex reviews each claim submission to insure compliance with all applicable IRS regulations is achieved. Claims may be submitted to ASIFlex via its toll-free fax and processed and paid, on average, within one business day of receipt (please note that during peak times of the year, claim processing may take up to 3 business days). A participant may sign up to receive reimbursement via direct deposit and to have all notifications of payment sent via email.

Electronic Interface with Insurance Providers: ASIFlex can develop an electronic interface with a client's insurance provider and/or pharmacy benefit manager (PBM) so that eligible out-of-pocket expenses are automatically reimbursed to a participant.

Optional FSA Debit Card: ASIFlex provides access to an optional FSA debit card that is administered with strict adherence to appropriate IRS regulations. The card is restricted to purchases made at known healthcare providers and purchases are auto-adjudicated when the purchase amount matches a known co-pay, or used at retailers with IIAS.

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The ASIFlex Difference - Employer Services

- ✓ **Dedicated Client Services Team (CST):** ASIFlex will provide an experienced, dedicated team of benefit professionals to lead the implementation and administration of the program. During both phases, the CST will work with benefit staff members to develop the most appropriate benefit program for each client.
- ✓ **Flexible Interface Platform:** ASIFlex can accept payroll data in almost any file format and will provide its clients with a secure FTP site for the transfer of sensitive data.
- ✓ **Tailored Monthly Reporting Package:** ASIFlex will work with each employer to tailor the regular reporting package. Ad hoc reports are available upon request at no additional fee. These reports will be provided electronically to each client.
- ✓ **Fund Retention until Payments are Made:** ASIFlex allows each client to retain all funds until such time as payments are disbursed. This method allows each organization to manage and retain all interest and forfeitures. ASIFlex will debit this account for each days payments and will send a notification via email to appropriate individuals that details the amounts to be debited (debits are effective the business day after the email is sent).
- ✓ **Strict Compliance to IRS Regulations:** ASIFlex's Compliance Team will review the plan design to insure that adherence to IRS regulations is maintained. ASIFlex does not allow for reimbursement in methods not allowed explicitly by the IRS.

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Your choice for FSA, HRA, Commuter Benefit, HSA and COBRA administrative services!

Corporate Overview and Administrative Services

Employee Plan Communication


Employee communication is an essential part of pre-tax spending account programs. ASIFlex has developed and implemented a comprehensive employee outreach campaign for all benefit-eligible employees. Communication that is overwhelming or overly complex will not be read or it will not be fully understood. As such, ASIFlex employs a variety of media for providing information to potential participants.

Benefit Reference Guide

ASIFlex will also provide the State with a two page Benefit Reference Guide that can be utilized to provide more detailed plan-specific information for either the Health Care Flexible Spending Account or Dependent Care Flexible Spending Account program.

ASIFlex Flexible Spending Accounts Save you Money!

Want to save money on Medical or Child Care Expenses?
Sign up for the Flexible Spending Account and
put more money in your pocket!



Save 25% or more on eligible expenses

Flexible Spending Accounts (FSAs) allow you to set aside money from your paycheck on a pre-tax basis to pay for medical and child/elder care expenses. That means you do not have to pay federal, and in most cases, state income tax, or FICA taxes on those dollars... which means you have more money in your pocket! Most people can save at least 25% on each dollar that is set aside, for expenses they are paying for anyway!

The FSA is easy to manage, and you can take advantage of the savings accounts by following three easy steps:

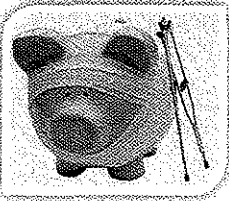
- 1) Review your expenses for medical and/or child/elder care for the previous year. Make note of what you spend on regular, planned expenses, and what expenses you may incur in the coming year.
- 2) Sign up for your FSA during your employer's annual open enrollment period.
- 3) Submit claims to ASIFlex for reimbursement of your expenses.

That's it!!

Have questions? Customer Service Hours: 7:00 am - 7:00 pm CT Monday - Friday; 9:00 am - 1:00 pm CT Saturday
1.800.659.3035 www.asiflex.com asi@asiflex.com


There are two types of accounts

The Health Care FSA provides you an opportunity to use pre-tax dollars to pay for out-of-pocket medical, dental, vision and hearing expenses for you, your spouse and any of your dependents (even if they are on a different insurance plan). There are hundreds of eligible expenses, including co-pays, deductibles, prescription drugs and many more. Check the Eligible Expense list at www.asiflex.com for more information.



You can set aside up to \$2,500 per year in the Health Care FSA and use these dollars for eligible expenses you incur throughout the year. And, your full annual election is available to you on the first day of your plan year!

The Dependent Care FSA is generally used for work-related child care expenses, but you can also use DC FSA money to pay for work-related expenses for older tax dependents who are not capable of self-care. Eligible expenses include daycare, summer day camps (overnight camps are NOT eligible), babysitting, before and after school care, nursery school and pre-kindergarten expenses that are primarily for the protection and well-being of the dependent.




You can set aside up to \$5,000 per household, per calendar year (\$2,500 if married and filing separate income tax returns).

Don't forget...

Remember that your FSA election is fixed once your employer's open enrollment period has closed, so please take your time when determining your annual election. The FSA accounts are year-to-year commitments, and you will want to spend all funds you have set aside each year.

Unused funds are forfeited. But don't let this keep you from participating! You can avoid forfeitures by planning carefully and setting aside money only for predictable and recurring expenses that you know you will have. So, take your time and make an informed decision regarding how much to set aside in the Health Care and/or Dependent Care FSA.



The SAVINGS really add up!

Remember, the FSA helps you avoid paying taxes which means you have more spendable income in your pocket! If you have questions, just contact ASIFlex! We are here to help!


Have questions? Customer Service Hours: 7:00 am - 7:00 pm CT Monday - Friday; 9:00 am - 1:00 pm CT Saturday
1.800.659.3035 www.asiflex.com asi@asiflex.com

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Medical Expense Worksheet

ASIFlex will provide the State with a supply of worksheets that can be distributed to employees to help ascertain the appropriate contribution amount for the health care FSA.

 MEDICAL EXPENSE PLANNING WORKSHEET	
<p>This worksheet will help you determine the dollar amount you will spend for medical expenses during the upcoming plan year. Don't forget that expenses for any of your tax dependents are eligible for your employer's FSA program, even if they aren't on your employer's medical insurance programs.</p> <p>A more detailed list of eligible expenses is available on the reverse side of this worksheet and at www.asiflex.com.</p>	
UNREIMBURSED MEDICAL EXPENSES	
	Annual Estimate
Medical Expenses not covered by insurance	
Deductibles, co-pays, coinsurance	\$ _____
Physician visits/routine exams	\$ _____
Prescription drugs	\$ _____
Diabetic supplies	\$ _____
Annual physicals	\$ _____
Chiropractic treatments	\$ _____
Eligible over-the-counter medicines/drugs	\$ _____
Other: _____	\$ _____
Subtotal Medical Expenses	\$ _____
Dental Expenses not covered by insurance	
Cheekups/cleanings	\$ _____
Fillings	\$ _____
Root canals	\$ _____
Crowns/Bridges/Dentures	\$ _____
Oral surgery	\$ _____
Orthodontia (please contact ASIFlex for particulars)	\$ _____
Other: _____	\$ _____
Subtotal Dental Expenses	\$ _____
Vision/Hearing Expenses not covered by insurance	
Exams	\$ _____
Eyeglasses	\$ _____
Prescription sunglasses	\$ _____
Contact lenses & cleaning solutions	\$ _____
Corrective eye surgery (LASIK, contact, etc.)	\$ _____
Hearing exams and hearing aids (and batteries)	\$ _____
Subtotal Vision/Hearing	\$ _____
Total Medical Expenses	\$ _____

<u>FSA Eligible Expenses</u>	<u>Ineligible Expenses</u>
<ul style="list-style-type: none"> ✓ Acupuncture ✓ Alcoholism treatment ✓ Anesthesia ✓ Artificial teeth ✓ Birth control pills ✓ Braille books and magazines ✓ Chiropractors ✓ Coinsurance amounts and deductibles ✓ Contact lenses, solutions and cleaners ✓ Crutches ✓ Dental treatment* ✓ Dermatologist visits* ✓ Eyeglasses (prescription); vision exams ✓ Guide dog or other animal aide ✓ Hearing devices and batteries ✓ Hospital services ✓ Immunizations (including flu shots) ✓ Infertility treatments ✓ Insulin ✓ Laboratory/diagnostic fees ✓ Language training for child with dyslexia or disabled child ✓ Laser eye surgery ✓ Learning disability ✓ Massage therapy (medical necessity)* ✓ Nipple insertion or removal ✓ Nursing services ✓ Nutritionist's expenses (medical necessity) ✓ Occlusal guards to prevent teeth grinding ✓ Orthodontia ✓ Over-the-counter drugs (medical care only) ✓ Oxygen ✓ Pap smears ✓ Physical therapy ✓ Prescription drugs ✓ Prosthesis ✓ Psychiatric care ✓ Psychologist ✓ Radial keratotomy ✓ Reading glasses ✓ Smoking cessation programs ✓ Sterilization ✓ TMJ related treatments ✓ Transplants ✓ Travel expenses related to medical care only ✓ Viagra ✓ Wheelchair ✓ Wigs (medical reasons only) ✓ X-ray fees 	<ul style="list-style-type: none"> ✓ Burial expenses ✓ Cosmetic procedures (unless necessary to improve a deformity arising from congenital abnormality, personal injury from an accident or trauma, or a disfiguring disease) ✓ Dancing lessons ✓ Diapers or diaper service ✓ Ear piercing ✓ Electrolysis (see cosmetic procedures) ✓ Exercise equipment, unless prescribed for a specific medical condition ✓ Face lifts (see cosmetic procedures) ✓ Fitness programs for general health ✓ Funeral expenses ✓ Hair transplant (see cosmetic procedures) ✓ Health club dues ✓ Herbal or natural remedies ✓ Illegal operations and treatments ✓ Items paid or payable by insurance ✓ Items you intend to claim as a credit for income tax purposes ✓ Marriage counseling ✓ Maternity clothes ✓ Non-prescription sunglasses (sunglps) ✓ Nursing care for a normal, healthy baby ✓ Nutritional supplements (general good health) ✓ Overnight camp (Dependent Care) ✓ Premiums for group health coverage maintained through spouse's employer or individual insurance premiums ✓ Rogaine (see cosmetic procedures) ✓ Safety glasses (unless prescription) ✓ Swimming lessons ✓ Tanning salons and equipment ✓ Teeth whitening or bleaching (even if as a result of a congenital defect) ✓ Vision discount programs or warranty charges ✓ Vitamins (over-the-counter) ✓ Warranties for eyeglasses and/or hearing aids ✓ Weight loss programs and drugs (unless a medical necessity exists for a specific medical condition)
<p>* Items are eligible for reimbursement through a Health Care FSA if they are treating a current or imminent medical condition. Some items may require additional documentation such as a letter of medical necessity from your medical provider. Please visit www.asiflex.com for more detailed information and a more comprehensive list of eligible expenses.</p>	

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Your choice for FSA, HRA, Commuter, Benefit, HSA and COBRA administrative services!

Informational Posters

ASIFlex provides its clients with posters that can be placed in strategic locations throughout administrative buildings and offices.

Put ~~Money~~ in your wallet with the Missouri State Cafeteria Plan (*MOCafe*)

Signing up for the *MOCafe* program will help you save money because you will avoid paying federal, state and FICA taxes on expenses you are already incurring. Most people save at least 25% on every dollar that is set aside!

There are 3 distinct, tax saving programs available to you through the *MOCafe* program:

- 1) The Premium Only Plan (POP) allows you to use pre-tax money to pay for your portion of certain State-sponsored health, vision, dental and voluntary benefit premiums for which you are responsible.
- 2) The Health Care Flexible Spending Account (FSA) gives you the freedom to use pre-tax money to pay for out-of-pocket medical expenses incurred by you, your spouse and/or any tax dependent (even if he/she is not on the State's health insurance). Eligible expenses include co-pays, prescriptions, many over-the-counter medications, dental work, etc. (check out www.mocafe.com for a list of eligible expenses).
- 3) The Dependent Care Flexible Spending Account (FSA) allows you to pay for out-of-pocket dependent care (child care or elder adult care) using pre-tax money. You can set aside up to \$5,000 per calendar year in this program.

Things to Remember:

Enrollment in the Premium Only Plan is automatic, unless you opt during Open Enrollment every year.

You have to re-enroll both the Health Care FSA and the Dependent Care FSA each year during open enrollment, even if you do not want your deduction amount to change.

You can enroll online via www.mocafe.com from October 1 - December 15th. Paper enrollment forms may be submitted from October 1 - December 31.

Check out www.mocafe.com for detailed information about the programs including eligibility, expenses and program specifics.

More information is available online at www.mocafe.com or by calling ASI at (800) 659-3035.



I could've had an **FSA!!!**

How do you want to pay for your out-of-pocket health care expenses?

With dollars that haven't been taxed?

Or with dollars that have been taxed?



Let's face it, you work hard for your pay and you want to keep as much of it as you can. A health care Flexible Spending Account (FSA) can help you do just that.

For example:

The Average Family of Four
pays close to \$1,600 per year in out-of-pocket medical, dental and vision expenses. If the family had put that \$1,600 in an FSA, they could have saved over \$400 in taxes.

The Average Couple
pays close to \$600 a year and could save close to \$150 in taxes.

FSAs work for individuals, too
The average person spends \$250 a year in out-of-pocket expenses, and could save over \$60 in taxes.

Don't be caught without an FSA again.

Make sure to learn what an FSA can do for you during this year's open enrollment!

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As a part of its communications campaign, ASIFlex will send a re-enrollment reminder to each enrolled participant along with the quarterly account summary statement following the end of the third quarter. This reminder should reach participants just prior to the beginning of open enrollment. ASIFlex's management team will work with appropriate State of Nebraska staff members to develop the contents of the letter.

ASIFlex is proposing to provide the State of Nebraska with the use of its secure, on-line enrollment portal to capture elections during the annual open enrollment period. In order to drive the enrollment site, ASIFlex will require a complete census file from the State at least one week prior to the start of open enrollment. Online enrollment is not required, and it can be used as the sole source of capturing enrollment, or it can be offered to supplement paper enrollment forms, but ASIFlex has had considerable success increasing enrollment for groups by using the online system.

Following the close of open enrollment, ASIFlex will mail a confirmation of enrollment packet to each enrolled participant. This packet will include a personalized welcome letter, claim forms, instructions for and the participant's Personal Identification Number (PIN) required for website personal account detail access. The welcome letter includes the participant's annual election amounts for both the health care flexible spending account and the dependent care flexible spending account, his or her preferred reimbursement method, and if the participant has chosen direct deposit, the name of the bank and last three digits of the account number that will be used for direct deposit will be listed. If the participant has chosen to be notified of claims payment by email, the email address will be included in the letter. The back of the letter is a graphical presentation of a sample valid claim for both the dependent care flexible spending account and the health care flexible spending account.


Samples of each item that is included with the enrollment packet are included on the following pages.

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Enrollment Packet

ASIFlex will provide an enrollment packet to all the State employees that choose to enroll in the Flexible Spending program. The page after the welcome letter will be on the back side of the letter.



Confirmation date: August 15th 2008

Coverage effective date: 09/1/2008

Timothy Smith
1498 125 St
Kansas City, MO 64145

This is your Health Care Flexible Spending Account Plan enrollment confirmation for the period of September 1, 2008 - August 31, 2009.

According to our records, you are enrolled for the 2009 Plan Year as follows:

	Per Pay Period	Number of Periods	Total for 2009	Coverage Effective
HCPSA	100.00	24	2,400.00	09/01/08
DCPSA	200.00	24	4,800.00	09/01/08

Your reimbursement will be made to account #132456, with US Bank of Missouri.

Notification of reimbursements will be sent to smith@yahon.com

If this does not agree with your records, please contact ASIFlex immediately. Claims for the Plan Year ending August 31st, 2008 must be filed by December 31st, 2008.

You may use your Flex PIN which is JZSSPL, to access your flexible spending account data at any time on the web at www.asiflex.com

231 West Broadway, Platte, MO 64601 • P.O. Box 694 • Columbia, MO 65208
800.858.1214 • Fax: 651.338.0214 • www.asiflex.com

This day care receipt contains the items the Internal Revenue Code requires:

1. It is signed by the provider of service - "Ima Sitter"
2. It contains a description of the services - "day care services"
3. It explicitly lists "1-2-09 to 1-08-09" as the range of the dates that the day care was provided.
4. It includes the amount charged for the day care - "\$300.00"; not necessarily the amount paid.
5. It identifies the person for whom the day care was provided - "Mike Riddick"

Day care documentation must contain all of these items in order to be processed.

Sample Claim and Provider Documentation

I provided day care services for Mike Riddick from 1/02/09 to 1/08/09. The total sum for services provided was \$300.00

Signed: Ima Sitter

Ima Sitter
123 Main Street
Columbia, MO 65203
SSN 123-45-6789

We must be able to identify the participant

Separate dependent care documentation is not required if the provider signs the form after the dependent care section is completed.

I William See, MD
Ophthalmology
2400 Seymour
Crystalview, MO 65201

Service Date	Description	Charge for Services
1/05/09	Eye Exam	\$10.00

Patient's Name: Mary Riddick

This health care service statement contains the items the Internal Revenue Code requires:

1. It identifies the provider of service - "I. William See, MD"
2. It contains a description of the services - "Eye Exam"
3. It explicitly states the date of the eye exam - "1/05/09"
4. It includes the amount charged for the exam - "\$10.00"; not necessarily the amount paid at the time of service.
5. It identifies the person receiving the eye exam - "Mary Riddick"

Medical documentation must contain all of these items in order to be processed.


Every request and all documentation must contain all the items shown in blue

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Claim Form

ASIFlex will provide each participant with a supply of claim forms along with the Confirmation of Enrollment mailing, and filing instructions are printed on the back of the claim form.



CLAIM FORM
Please read requirements on reverse side

Last Name, First Name, MI (Please Print)

Street Address

City, State, Zip

Employer

Social Security Number or employee ID (EID) as appropriate

Dependent Care Assistance (day care, babysitting, etc.)

Dependent care expenses must be for a dependent who is responsible for self-care or under the age of 13 at the time the care was provided.

Name of Dependent	Age	Dates Care Provided		Name, Address, and Telephone Identification Number of Care Provider	Cost for Care Period	ASI use only
		From	To			
Total Dependent Care Amount Requested						

I provided the dependent care as stated above.

Care Provider's original signature

Date

SSAN/Tax ID#

Unreimbursed Medical Benefits

Date Medical Care Provided	Name of Medical Provider	General Medical Expense Description. Include medical condition for over-the-counter items	Patient Name	Relationship	Amount that is your responsibility	ASI use only
Total Medical Amount Requested						

Please arrange documentation in order listed above.

***Claims for future services will not be accepted.**

The undersigned participant in the Plan certifies that all expenses for which reimbursement or payment is claimed by submission of this form were incurred during a period while the undersigned was covered under his/her employer's Flexible Spending Plan with respect to such expenses and that the expense have not been reimbursed and reimbursement will not be sought from any other source. Any Dependent Care Assistance expenses claimed here were provided for any dependent under the age of 13 or for a dependent who is incapable of self-care. The undersigned fully understands that he or she alone is fully responsible for the sufficiency, accuracy, and veracity of all information relating to this claim which is provided by the undersigned, and that unless an expense for which payment or reimbursement is claimed is a proper expense under the Plan, the undersigned may be liable for payment of all related taxes including federal, state, or local income tax on amounts paid from the Plan which relate to such expense.

Employee's Signature

Date

ASI
P.O. BOX 6011
COLUMBIA, MD 21046-6011
LOCAL FAX (573) 874-0425
TOLL-FREE FAX (866) 381-9582

Mail or FAX to ASI ALONG WITH SUPPORTING DOCUMENTATION
E-mail: asi@asiflex.com
Internet: <http://www.asiflex.com>

Claim Filing Requirements

- Please print your name, address, social security number or employee ID (EID) as appropriate and your employer's name.*
- List expenses by date & arrange in a supporting statements in the same order. Highlight or circle the service dates on your documentation. If you have several statements from the same provider, you may submit them and list them on one line with a range of dates.*
 - Day care claims - complete the Dependent Care Assistance section
 - Health care claims - complete the Unreimbursed Medical Benefits section (The amount column should be the amount you are requesting, after any insurance payment or provider discount for each expense)
- Enclose required documentation*. A written statement from the dependent care or medical (Dr., hospital, pharmacy, etc.) provider of the service or an insurance company benefit statement showing all of the following:*
 - The name of the dependent care or medical service provider.
 - The date or range of dates of medical service or day care. Although this date may be the same as the date paid it must be clear on what date the service was provided. The services must have already been provided.
 - A description of the service provided (for example, for health care, "dental cleaning", or for day care "day care").
 - The name of the person or persons receiving the medical or dependent care, and
 - The cost of the service, not just the amount paid.

**Dependent Care claims only: You may either provide documentation from the day care provider or have the provider complete the Dependent Care Assistance Section, then sign on the "Provider's Signature" line and date the signature. You do not need to do both.*

Requests filed without the above documentation cannot be processed and will be returned.
- Sign the claim form.*
- Keep copies for your tax records.*
- Mail to the address on the front of this form or Fax to (573) 874-0425. This is not a toll-free number. Employee use of an office fax machine may not be appropriate. Please check with your employer before using an office fax machine.*

Over-the-counter medicines & drugs: Additional filing requirements for pills allowing these under the medical PSA:

- The receipt or documentation from the store must include the name of the drug printed on the receipt. This information must be provided by the store, not just listed by the participant on the receipt or on the claim form.
- The participant must indicate the existing or imminent medical condition on the receipt, on the claim form, or on a separate enclosed statement each time these items are claimed. Prescriptions for general good health will not be accepted.
- To claim vitamins, herbs or nutritional supplements, you must have a written diagnosis of the medical condition and "prescriptions" of all specific items for that condition on file with the claims office. You must renew this physician notice every 12 months and file it with the claims office with the first claim submitted for those items each plan year.

Orthodontia: Requests may be reimbursed for a reasonable monthly payment on or after the payment is due and paid. The payment must be a reasonable approximation of the value of each month's service. You may only file claims for orthodontia payments while treatment is in process. You must submit a paid receipt from your orthodontist or a photocopy of the monthly coupon and your check. Pre-payments are not allowed. You must submit a written statement from the orthodontist showing the charge for the initial consultative work, when it was completed and a paid receipt to claim an initial down payment or appliance fee.

Medical equipment: Requires a letter from a physician every 12 months stating the nature of your medical condition, the specific equipment needed and that the equipment is essential to the treatment.

Claims payment and account information available 24 hours a day 7 days a week: Complete history including available funds on the Web at www.asiflex.com (Account Detail). You will need your PIN, which you can find on your enrollment confirmation.

Claim forms: You may copy this form, claim form on the Internet at <http://www.asiflex.com>, or request them from your personnel/payroll office, or call ASI at 1-800-659-3035 (482-9135 calling from Columbia, MO).


Page | - 10 -

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Direct Deposit/E-mail Enrollment Form

ASIFlex will provide a paperless notification/payment authorization form for all participants. Individuals may sign up to have all notifications sent to them via text message and/or email, and to receive all reimbursements through direct deposit to a checking or savings account.




GO GREEN - Paperless Notification & Payment Authorization Form



Fax to:
(877) 879-9038
No Cover Page Required
Page 1 of ____


Name (Last, First, MI)	Social Security Number or EID or PIN	Employer
Mailing Address		City/State/Zip

TEXT NOTIFICATION - sign up to receive notification of account activity via Text Messages sent directly to your cell phone. Please be aware that standard texting charges may apply, depending upon your cell phone plan.


 Send notification of all account activity to the mobile device listed below.
 Cancel text messaging notification.


My cell phone number is: _____ Mobile Carrier: _____

EMAIL NOTIFICATION - sign up to have account notifications sent to the email address you designate.


 Send notification of all account activity to email account listed below.
 Cancel email notification.

My email address is: _____

DIRECT DEPOSIT - sign up to have payments disbursed to the checking or savings account listed below


 Send all qualified reimbursements to the account listed below.
 Cancel reimbursement via direct deposit.

My bank name is: _____ Checking Savings (select one)

Routing Number: _____ Account Number: _____

By including my email address and/or mobile phone number above, I acknowledge that I will receive correspondence regarding account balances/reimbursements in an electronic manner. This authority will remain in full force and effect until ASIFlex receives written notification from me of its termination in such time as to afford ASIFlex a reasonable opportunity to act.

By including my direct deposit information above, I acknowledge that I wish to receive my reimbursements sent by ASIFlex by Direct Deposit. I hereby authorize ASIFlex to originate electronic credit transactions to my bank (or credit union or savings & loan) account indicated above and to credit the same to such account. If necessary, ASIFlex may make deductions from my account for any payments credited to my account in error. This authority is to remain in full force and effect until ASIFlex receives written notification from me of its termination in such time as to afford ASIFlex and my bank a reasonable opportunity to act. I understand that claims submitted with this form may be delayed two business days while ASIFlex completes a zero dollar transaction with my financial institution to confirm the validity of this account.

Signature _____ Date _____

Please attach a copy of a voided check below. Please do not send a deposit slip as sometimes the routing numbers are different from that of your checks. (Please include a copy of your voided check in the space below)

2400

91-548/1221

PAY TO THE ORDER OF _____ \$ _____

DOLLARS

FOR _____

⑆ 122105278⑆ 6724301068⑆ 2400⑆

Routing Number
Account Number
Check Number

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Debit Card Overview/Application

ASIFlex will provide a debit card application to all enrolled employees in the confirmation of enrollment packet, if the State chooses to offer this option to its employees. The front side provides an overview of the card and the reverse side allows participants to elect to receive a card.

Benny

Your Card for Better Benefits



The FSA Benny Card provides a convenient method to pay for out-of-pocket medical expenses for you, your spouse and/or any tax dependents. The IRS has stringent regulations regarding appropriate use of the Benny Card, as far as where the card can be used, and when follow-up documentation is required. The card is a great benefit, but it is important that you take a moment and understand how it works.

Where can the cards be used?

For IRS regulations, the FSA Debit Card can only be used at Health Care Providers (based upon the Merchant Category Code) and at stores that have implemented an Inventory Control System.

- 1) Health Care Merchant Category Codes (MCC):** Every merchant that accepts credit cards has an MCC, which is a general category that is assigned when the merchant applies for the right to accept credit cards. The FSA debit card will work to pay providers that have an MCC that indicates the merchant is a health care provider (hospital, doctor, dentist, optometrist, chiropractor, etc.)
- 2) Inventory Control System Restriction:** The IRS also allows a card to be used at retail stores that have an FSA Inventory Control System in place that only allows FSA-eligible items to be paid for with your FSA debit card. The card will work at these stores, even if the MCC does not indicate it is a health care provider. A list of stores with this system in place now (and some expected in the future) is available online at www.asiflex.com/debitcards. Purchases at these stores should never require follow-up documentation! Please note that as of 1/1/2009, IRS regulations require all pharmacies to have the Inventory Control System in place, or your card will be declined.

When do I have to turn in paperwork?

Certain situations will allow FSA debit card transactions to be electronically substantiated, meaning that no follow-up documentation will be required. If a transaction cannot be electronically substantiated, you will receive a request for follow-up documentation from ASIFlex. Transactions are considered to be electronically substantiated if they:

- Match a co-payment, or any combination of co-payments up to five times the highest, for the health insurance plan(s) that you have elected through your employer;
- Occur at a retail outlet that has implemented the Inventory Control System; or
- Are recurring expenses for the exact same amount at the same provider and have been substantiated once via a paper claim. An example of this is if you go see a chiropractor once a month and you are assessed a fee of \$23.11 for each visit. This amount does not match a co-payment, so you will be prompted for documentation the first time. When you submit your documentation, please include a note stating that this is a recurring expense. Future transactions at the same provider, for the same amount, will not require follow-up documentation.



All other transactions will prompt a request for a detailed statement of services. You are not required to submit this documentation each time you get a request. Many ASIFlex participants gather up their statements, and simply submit these items on a monthly basis.



Contact ASIFlex with Questions: Phone: (800) 659-3035
Email: asif@asiflex.com
Web: www.asiflex.com

ASIFlex FSA Debit Card Application



Please print all fields clearly to avoid spelling errors.

Employee ID	Social Security Number		
Last Name	First Name Middle Initial		
Street Address	City	State	Zip
Daytime Phone	Home Phone	Date of Birth (mm/dd/yyyy)	
Employer Address	Employee Identification Number		

- The debit card is optional. If you do want a card, you have to complete this application. If you do not apply for the card, you will file claims and ASIFlex will reimburse you by direct deposit or check.
- Two debit cards, both in the name of the actual FSA participant, will be issued from an approved application. The card provider mails these cards directly to you approximately 10-14 business days from ASIFlex's processing of the application. There is a charge for additional or replacement cards.
- Please note that as mentioned on the reverse side of this application, you will be required to submit substantiating documentation for many debit card transactions. ASIFlex will notify you when follow-up documentation is required, until you receive this notification, please do not submit support for these items.
- Always select the "credit" option when you present the card at a merchant or a provider, even though the card is referred to as a "debit card." There is no PIN number associated with this FSA debit card.

I hereby state that the above information is accurate, to the best of my knowledge. Additionally, I certify that the FSA debit card will only be used to purchase eligible medical care expenses, as defined in Code §125(d) of the Internal Revenue Code and that I will not seek reimbursement from any other source for the expenses paid for with the FSA debit card.

Participant's Signature: _____ Date: _____

Fax application, toll-free, to: 1-866-381-9682
or
Mail to: ASIFlex, P.O. Box 6044, Columbia, MO 65203-6044

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Payroll Interface

ASIFlex and State of Nebraska will establish an acceptable method for the State to transmit payroll deduction data for each pay cycle to ASIFlex on a timely basis. Electronic transmission of encrypted files via the Internet is the most efficient and quickest method of data transmission. ASIFlex has the capability of receiving payroll data from any number payroll centers, for any payroll frequency, and for an unlimited number of issues each month.

ASIFlex will establish an expected payroll deduction amount for each participant for each plan year. These expected amounts are established based on the participant's election and payroll cycle and can be modified by election changes made during the year. The expected payroll deduction amounts will be compared to the data sent by the State with each payroll cycle and ASIFlex will determine if there are any errors or discrepancies in the deduction information. There are three types of errors can result from this comparison. First, the amount sent for either one of the accounts could be different than the expected amount. Second, a record could be received for an employee who is not enrolled on the ASIFlex system. Third, a record could be missing for a participant for whom ASIFlex expects to receive a deduction. ASIFlex's system will report all of these errors to the ASIFlex payroll processor who will send them to the appropriate payroll/personnel staff for resolution. ASIFlex will post the payroll deductions as sent from the State to each participant's account within one day of receipt or on the actual payroll issue date whichever is later. At any point in time, ASIFlex's record of each employee's year-to-date deductions should agree with the State's year-to-date record of participant deductions. ASIFlex will reconcile payroll data from the State as frequently as the State sends it.

Claim Funding

ASIFlex will use the following banking arrangements for the funding of paid claims. A bank account will be established at the bank of its choice by State of Nebraska that will contain funds that will be drawn upon for claims reimbursements in the following manner, as disbursements are made to participants. It is anticipated there will be three methods from which any one participant may choose for claims payment. A participant may choose to be reimbursed by direct deposit or paper check or he or she may choose to use a FSA debit card. ASIFlex will issue checks to participants drawn on a disbursement account owned by ASIFlex. ASIFlex will combine each day's totals for paper checks, direct deposits, and card settlements and report this information to the State. The State will then fund the account through the ACH system.

It will be State of Nebraska's responsibility to maintain sufficient funds to cover each day's reimbursements (perhaps as a ZBA account). Each day, ASIFlex will send an e-mail message to personnel designated by State of Nebraska listing the amounts owed from the State. This procedure provides State of Nebraska the opportunity to maintain control over its funds until they are disbursed, but eliminates the need for daily intervention by State of Nebraska's personnel in the reimbursement process. Any interest and forfeitures will remain with State of Nebraska by using this banking method. ASIFlex will be responsible for reconciling the ASIFlex disbursement account and State of Nebraska will be responsible for State of Nebraska's account. ASIFlex's experience has led it to believe that this arrangement is the most efficient and cost-effective, and it is currently being employed by ASIFlex with the State of Colorado, the State of Oregon, the University of Missouri, the Arizona Board of Regents, and many other clients.

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Claims Process

One of the most important and technical aspects of plan administration is the claims process. ASIFlex is unsurpassed in its ability to process claims quickly and accurately. ASIFlex's intent is to provide the most efficient service to both participants and employers. Participants rely on the money expected from a submitted claim and employers rely on ASIFlex to ensure compliance with appropriate regulations and plan guidelines.

ASIFlex, in compliance with IRS guidelines, requires each claim to be accompanied by documentation from an independent third party supporting that the expense has been incurred. This documentation must contain the name of the provider of service, the date the service was provided, a description of the service, the name of the person for whom the service was provided, and the charge for the service.

Claims are reviewed for validity, supporting documentation, and a signature from the participant verifying that he or she will not be reimbursed for any claimed expense from any other source. Dates of service and charges on the billings are tied to the information entered on the claim form. ASIFlex will verify coverage eligibility for each claim filed. Eligibility is based upon initial plan year enrollment and periodic updates supplied by the client. Only those claims or portions of claims that meet plan and Federal guidelines are approved for payment.

ASIFlex will notify each participant within one working day if a claim is filed that cannot be processed due to IRS or plan guidelines. ASIFlex will include an explanation of the reason for return and the steps necessary for the participant to take to rectify the claim. Some examples of invalid claims are those that:

- ✓ are not signed;
- ✓ do not have proper documentation;
- ✓ are outside the participant's dates of coverage;
- ✓ are filed for a category in which the participant is not enrolled;
- ✓ are filed by an employee not participating in the plan;
- ✓ include expenses not allowed under the plan; or
- ✓ are duplicates of previously requested expenses.

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Claims Processing Time

Valid claims are placed into batches and entered into ASIFlex's reimbursement software by the participant's Social Security Number (or alternate unique identifier) on average within 1 business day of receipt. ASIFlex's proprietary reimbursement software verifies that the services fall within the participant's dates of coverage. After all valid claims within each batch are entered, the claims processor generates a "Possible Duplicate Claims" report for the batch. The processor manually researches all possible duplicates. Any duplicates are removed from processing and reported to the participant. A different claims processor enters the total of each claim within the batch in a separate reconciliation program and verifies the totals of both entry programs. Any discrepancies are resolved before reimbursements are issued.

Valid claims for medical reimbursement will be paid up to the annual election amount, less previously paid claims, regardless of the amount contributed year-to-date. Dependent care claims are entered as the total amount requested and paid up to deposits available less any previous reimbursements. Any remaining requests are carried in the system as outstanding requests and are paid as funds are subsequently contributed. Once a valid dependent care claim has been filed by a participant, that participant does not need to re-file that claim in order to receive outstanding funds.

Claims Payment Time and Frequency

On average completed claims are paid within 1 business day, however during peak times of the year it can take as many as 3 business days. Checks and paper direct deposit statements are printed and stuffed by client groups. A count of the total number of envelopes containing a check and a count of the total number of envelopes containing a direct deposit statement is made and compared with a similar count determined by the system. No checks or direct deposit statements are mailed until these counts are reconciled. This ensures that no envelope contains more than one check or payment advice and protects each participant's privacy. All reimbursement checks and Automated Clearing House (ACH) direct deposit statements shall be sent no later than 7:00 p.m. Central Time on the day of reimbursement.

Individual participants will have the option of determining the preferred reimbursement method. Currently, more than 60% of all participants seek reimbursement via direct deposit. For participants choosing to be reimbursed via check, ASIFlex will issue all reimbursement checks using its check stock. The cost of checks and all other contractor forms, envelopes, etc. will be borne by ASIFlex.

Account Balance Information - Explanations of Benefits

An explanation of benefits reimbursement notification including 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 pending claims is printed either on the check stub or, in the case of ACH reimbursement, on a separate statement.

The ACH reimbursement notification has traditionally been, and still can be, mailed to the participant's home. In 1997, ASIFlex began offering to instead send ACH payment notifications to participants via email. This feature's popularity continues to grow, and ASIFlex now has thousands of participants who have enthusiastically chosen this option. All email messages are sent the

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afternoon the reimbursement is made. This option affords convenience to those participants who have regular contact with the Internet and it is environmentally responsible, precluding the use of paper materials. In the interest of security, the email ACH explanation of benefits does not contain the participant's bank account number or Social Security Number. There is no additional charge either to the client or to its employees for electing the direct deposit and/or e-mail options.

After each day's payments are made, ASIFlex will send an email message to the client notifying them of the amount and classifications of that day's payments. ASIFlex can also send a weekly summary of each day's reimbursements to the the State via e-mail. Once each month ASIFlex will send a hard copy summary report listing the total of each day's payments for the previous month.

Debit Card Overview

The Internal Revenue Service, through *Revenue Rulings 2003-43, 2006-69 and 2007-02* issued guidelines that specify the manner in which FSA debit cards can be used to pay tax-favored benefit account claims. Under certain circumstances, the payments made with the cards can be accepted without further manual review (of a paper claim and substantiating documentation) and under other circumstances can be accepted only with manual review of the claim.

Debit card transactions can be accepted by the FSA administrator without any follow up documentation if the merchant is an acceptable merchant type such as a physician's office or hospital and at least one of four other criteria are met. Transactions are electronically substantiated if:

- ✓ The dollar amount of the transaction at a health care provider equals the dollar amount of the co-payment or any combination of any known co-pays up to five times the highest known co-pay, for the **employer-sponsored** medical, vision or dental plan that participant has elected;
- ✓ The expense is a recurring expense that matches expenses previously approved as to amount, provider, and time period (e.g., for an employee who pays a monthly fee for orthodontia at the same provider for the same amount);
- ✓ A claims feed is provided from the medical, vision and/or dental provider and claims information can be matched to debit card transactions; or
- ✓ The merchant maintains a compliant Inventory Information Approval System (IIAS) for over-the-counter and prescription medication (this system is allowable only if the merchant approves only qualifying items; all other purchased items must be paid for in a split tender transaction.)

Any payment that does not meet the above criteria must be reviewed for compliance like any other claim.

Proposed Debit Card Program

Due to the restrictions provided by Revenue Rulings 2003-43, 2006-69 and 2007-02, ASIFlex is offering a debit card program structured in the following way:

ASIFlex's FSA debit card is restricted to purchases at known health care providers (such as health clinics, hospitals, etc.) and retailers that have



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implemented an appropriate IAS management system. At the point-of-sale, the ASIFlex debit card confirms the merchant is an eligible merchant according to the merchant category code (MCC) coded into the vendor's credit card processing system and/or the individual merchant identification number. If a purchase is attempted at a vendor that has an allowable MCC, and the participant has available funds, the transaction will be approved. If a participant attempts a purchase at a merchant that does not have an acceptable MCC and does not meet the aforementioned IAS, the purchase will be declined and the participant will have to provide an alternative form of payment. For all approved transactions, ASIFlex will then attempt to retroactively match the purchase amount with known co-pay amounts for State of Nebraska FSA participants. (In order to adjudicate the known co-pay amounts, the State will have to provide ASIFlex with a data file that details the known co-pay amounts.) If a participant purchases an item that does not match a known co-pay or is not an auto-adjudicated purchase, ASIFlex will send the participant notification that substantiating documentation must be submitted to ASIFlex within 30 days.

Please note that the Revenue Ruling 2006-69 explicitly stated that healthcare FSA debit card transactions tendered at non-healthcare providers without the inventory control system are *not allowed* and stated that merchants such as grocery stores and/or whole sale clubs must have this system in place by 1/1/2007 in order for FSA debit card purchases to be allowed. In December, 2006, the IRS came out with Revenue Ruling 2007-02 and provided grocery stores and other similar merchants with a reprieve, extending the requirement for implementing the IAS until January 1, 2008. As of January 1, 2008, FSA debit card purchases cannot be allowed at retail outlets that do not have this inventory system in place. Additionally, RR 2008-104 states that retail outlets that are pharmacies or drugstores must implement IAS by July 1, 2009, or the debit card must be declined.

How IAS Works

Peter goes to Walgreens to purchase Band-Aids and a six pack of Coke. When he gets to the counter, Peter swipes his FSA debit card for the total purchase amount of \$22.00. The Walgreens point-of-sale (POS) system confirms that the tender type is an FSA spending card and allows the Tylenol and Band-Aids to be purchased with the card. The POS then splits out the Coke since it is not an FSA eligible expense and the cashier asks Peter to pay \$3.00 in a separate tender type for the soda. Since Walgreens has the appropriate IAS in place and does not allow any items to be purchased with the FSA debit card that are not eligible for reimbursement, Peter will not have to submit any documentation to ASIFlex for follow-up. Additionally, Walgreens will maintain an auditable database with detailed transaction information, in the event that the State, or the participant, undergoes an IRS audit.

Additional Debit Card Information

As a quick caveat, ASIFlex's management team does not allow a participant to access his or her dependent care spending account funds with the FSA debit card. While IRS Revenue Ruling 2006-69 created a safe harbor for dependent care expenditures purchased with the FSA debit card, the process for substantiating these purchases is currently cumbersome and somewhat confusing. Instead of adding additional costs to the administration and consternation amongst its participants, ASIFlex has chosen to focus on reimbursement via next-day claim processing and payment, with no additional monthly costs to dependent care participants.

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Customer Service

All calls to ASIFlex's Customer Service Center are answered by a live representative capable of answering almost any question that might arise. ASIFlex's Customer Service Center is available from 7 a.m. to 7 p.m. Central Time, Monday through Friday and from 9 a.m. to 1 p.m. Central Time on Saturdays. ASIFlex's senior management team has decided that live access to a Customer Service Representative (CSR) is more important than implementing an automated system that would decrease the service level provided to ASIFlex's clients and participants. ASIFlex's has established stringent call guidelines to ensure participants are not required to wait an inordinate amount of time to speak with a CSR. In 2012, ASIFlex fielded more than 250,000 calls, with an average answer time of 12 seconds.

New customer service representatives (CSRs) complete a comprehensive self-study course including both written and video information on flexible spending accounts claims procedures and IRS guidelines. Following completion of this course, a senior claims adjudicator works directly with each newly hired representative until the senior person is satisfied the new person has a complete understanding of the claims review process. During this intensive one-on-one step, the senior person explains each claim reviewed to the new hire. Then the process is reversed. The new person reviews each claim with the senior person, line by line. Next, the new representative is placed in the adjudication department and provided with claims to review each day. The manager of the claims department reviews every claim adjudicated by the trainee until the manager is completely satisfied with the results. The claims manager continues to monitor the review process on a sampling basis for a period of approximately one month.



Real People! Here to help!
All calls to ASIFlex are answered by
our friendly customer service
representatives, not an automated
system.

Telephone training begins at the end of the above training period. Telephone training includes the use of ASIFlex's data processing system, as it relates to telephone inquiries, proper identification of callers, telephone etiquette, and types of questions that the CSR staff can answer. ASIFlex has found that correct answers to incomplete questions can be major source of customer misunderstanding. Therefore, part of ASIFlex's training for new staff and recurrent training for veteran staff includes methods to determine the "real" question asked. For example, a common question is "My son is 13. I don't cover my son on my insurance. Can I include his medical expenses in the health care reimbursement account?" However, the "real" question might be "Can I include his insurance premiums in the health care flexible spending account?" The answer to the stated question is "yes" while the answer to the "real" question is "no." The customer service representative must probe for the "real" question. A veteran customer service representative will sit with the new staff person while the new person answers phone calls and offer advice and assistance as needed. New staff members are released to answer calls whenever the more senior staff person is satisfied with the new person's performance. ASIFlex's management team reviews a sampling of calls during the initial period to ensure that the CSR is meeting standard protocols. Problem calls are quickly brought to the attention of the CSR so that changes can be made. Additionally, ASIFlex's management team randomly reviews a certain percentage of all calls

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answered by the customer service center. These reviews are used as training and in the annual review process.

There is no requisite formal educational level for trainees. However, potential employees are screened for past experience in health claims processing, prior experience with participation or administration of flexible spending accounts and customer service. A customer service representative's attitude and ability to learn are more important than prior experience or formal education. Therefore, ASIFlex hires "attitude" and teaches skills.

Each employee uses a procedure manual that is periodically updated with client specific matters as well as regulatory changes. Information regarding new clients or client changes are presented and discussed at the monthly update sessions.

Update and review sessions are held monthly. These review sessions include existing claims and customer service policies as well as new policies that are not time sensitive. Special sessions are conducted whenever a time sensitive issue is discovered or when a change in regulation takes place. These sessions are generally held early in the morning and are repeated later in the day for additional staff. Additional review sessions are held prior to the open enrollment periods in order to ensure that all ASIFlex CSRs are well versed on the open enrollment procedures in place for all of ASIFlex's clients.

ASIFlex's customer service center will be available to State of Nebraska employees during the open enrollment period to answer questions regarding the mechanics of an FSA program, eligible expenses and other questions, as they arise.

Website

ASIFlex's website is designed to be a valuable resource for its participants. The site is not designed to sell ASIFlex's administrative services to potential clients, but it is intended to foster understanding in tax-favored benefit programs for benefit-eligible employees nationwide. The site includes user-friendly features such as:

- online account detail
- easy online claim filing
- helpful videos
- online confirmation of receipt of fax
- expense estimator and tax-savings calculator
- detailed list of eligible expenses
- links to pertinent IRS forms and publications
- debit card information, including a list of compliant IAS merchants
- detailed Frequently Asked Questions section
- regulatory updates.

ASIFlex's Account Detail function contains detail transactions and current balances as of the previous business day. It is accessed by a Personal Identification Number (PIN) that is assigned by ASIFlex. Other than the details of the participant's plan, there is no other identifying information on

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the site (such as name or Social Security Number). Previous plan year information is kept until well after the claims run-out period has passed. Information on this site is updated early every morning. Additionally, ASIFlex makes a notation on each participant's online account if a fax has been received and is in queue to be processed for that participant. This online confirmation of receipt of a fax allows the participant to rest assured that his or her claim is received and will be processed in short order.

Regular Management Reports

ASIFlex has included descriptions of its most commonly requested reports below. The reports can be provided in any frequency requested by the State, and different reports can be provided to different departments on a regular basis. These reports can be tailored to meet the needs of the the State and ad hoc reports are available at any time, for no additional fee.

Year-to-Date Status Report

This monthly and annual report summarizes (by person) all year-to-date participant activity. It includes each participant's name, Social Security Number (or alternate unique identifier), annual election amount, amount contributed year-to-date, amount requested year-to-date, amount reimbursed year-to-date, fund balances, and available funds for both health care and dependent care.

Discrepancy Reports

ASIFlex will receive employee contribution data for each spending account from each payroll center within the State. ASIFlex will verify that this actual payroll information matches the expected deductions based on the original enrollment data and updates due to changes in status. ASIFlex will send a Discrepancy Report to the appropriate payroll/personnel center each payroll cycle that will cite any and all salary reductions that do not match the expected amounts.

The report lists each employee whose payroll contribution does not match the amount expected by ASIFlex. The payroll issue date is listed in the top right hand corner of the page. Each employee's name, Social Security Number and/or Employee Identification Number, pay cycle and payroll ID are listed for each employee with a discrepancy. This report is designed to be a communication tool to identify coverage changes and terminations to ASIFlex.

Reimbursement Listing

The reimbursement listing summarizes claims payment activity during the specified period within the selected plan year. The total claims payments for health care and the total claims payments for dependent care are listed for each day of the reporting period. The number of reimbursements issued by check and the number of reimbursements issued by direct deposit (ACH) are also listed. The Reimbursement Listing can also include detail payment information for each participant.

Payment/Contribution Report

The Payment/Contribution Report summarizes each participant's claims reimbursements and payroll contributions during the specified reporting period and plan year-to-date through the end of the reporting period. The participant's Social Security Number and/or Employee Identification Number and name can also be included.

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Email daily activity notice

This notice will notify the State of the amounts issued that day for each flexible spending account. The notice is sent one day in advance of the effective date of the debits from State of Nebraska's account and can be sent to any individual (or individuals) designated by the State.

SAMPLE FSA IMPLEMENTATION TIMELINE

Note: Schedule can be accelerated as needed.

TASK	RESPONSIBLE	COMPLETION DATE
Plan Design Call and Implementation Document Completed	State/ASI	April 22
Employee Communication Material emailed to client for distribution to employees	ASI	April 29
Administrative Services Agreement (ASA) and Business Associate Agreement (BAA) provided to client	ASI	April 29
Enrollment meeting schedule finalized, if needed	State/ASI	April 30
Data file testing completed, if required System Set-Up completed Set-up Online Enrollment, if elected	State/ASI	May 13
Executed ASA & BAA to ASI	State/ASI	May 31
Enrollment File to ASI/Client <ul style="list-style-type: none"> • Enrollment File Processed • Confirmation/Welcome Kit sent to participants • Debit Cards issued 	State ASI ASI Card Company	June 7 June 14 June 21 June 19
Plan Document/SPD provided to client	ASI	June 24
Effective Date	2013 Plan Year Administration Services Commence	July 1

Standard FSA Reports

ASIFlex

Year-to-Date Status Report:

This monthly and annual report summarizes (by person) all year-to-date participant activity. It includes each participant's name, Social Security Number (or alternate unique identifier), annual election amount, amount contributed year-to-date, amount requested year-to-date, amount reimbursed year-to-date, fund balances, and available funds for both health care and dependent care.

04/15/20xx

Soc Sec Nmbr	Name	Annual Medical	FMB Available	Contribd Medical	Paid Medical	FMB Balance	Dep Care Annual	Dep Care Contributed	Dep Care Paid	Dep Care Balance	Dep. Care Pending Claims
#####	Adams,	2,500	1000	625	1,500	0					
#####	Allen,	3,200	1500	800	1,700	0					
#####	Avaro,	2,700	2000	675	700	0	5000	1250	0	1250	
#####	Barka,	2,000	1000	500	1,000	0					
#####	Bellesd	1,500	1200	375	300	75					
#####	Billet,	3,000	1800	750	1,200	0					
#####	Calli,	3,000	1754	750	1,246	0	3550	887.5	888	0	
#####	Cook,	3,500	2544	875	956	0					
#####	Counten	2,200	1874	550	326	224					
#####	Dubbya,	2,020	1125	505	895	0	4500	1125	371	753.75	
#####	Eleste,	1,987	1001	496.75	986	0					
#####	Houser,	4,000	2205	1000	1,795	0					
#####	Hulk,	3,800	1055	950	2,745	0					
#####	Ingrid,	3,600	2222	900	1,378	0					
#####	Kidd,	2,200	2000	550	200	350					
#####	Light,	2,800	1500	700	1,300	0					
#####	Norman,	2,500	1500	625	1,000	0					
#####	Siebs	2,000	1841	500	159	341					
#####	Smith	4,000	2201	1000	1,799	0					
#####	Wan	3,750	3601	937.5	149	788.5					
#####	William	3,320	2200	830	1,120	0					

21 Total
Participants

21 Medical Participants

3 Dependent Care Participants

Discrepancy Reports:

ASIFlex will send a Discrepancy Report to the appropriate payroll/personnel center each payroll cycle that will cite any and all salary reductions that do not match the expected amounts. The report lists each employee whose payroll contribution does not match the amount expected by ASIFlex. The payroll issue date is listed in the top right hand corner of the page. Each employee's name, Social Security Number and/or Employee Identification Number, pay cycle and payroll ID are listed for each employee with a discrepancy. This report is designed to be a communication tool to identify coverage changes and terminations to ASIFlex.

8/31/xxxx

Discrepancy Report Issue Date 8/31

Rachel

Human Resources
P O Box ####

Soc-Sec-Num	Employee Name	Pay Cyc	Employee ID:
456-52-****	MARJORIE, S	18	
HAS THERE BEEN A CHANGE OF ELECTION TO DEPENDENT CARE? HAVE NO FORM INDICATING ANY CHANGES.			
Amount you sent not as expected	DepC-FSA	93.83 Sent	106.56 Expected
125-56-****	SMITH, J	18	
18 PP-EMPLOYEE EXPECTED BACK THIS TIME BUT WAS MISSING--I WILL EXPECT TO SEE DOUBLE ON 9/15/08 UNLESS I HEAR OTHERWISE			
No data sent for this employee	Hlth FSA		22.23 Expected
	DepC-FSA		191.67 Expected
102-54-****	MICHAEL, J	18	
I HAD INFORMATION THAT DEP CARE WAS STOPPED--WHY DID WE RECEIVE CONTRIB. THIS TIME?			
Amount you sent not as expected	DepC-FSA	111.12 Sent	0.00 Expected
002-51-****	MOORE, A	24	
MISSED 8/15 AND 8/31 SO I AM TERMING AS OF 7/31/08			
No data sent for this employee	Hlth FSA		53.57 Expected

Reimbursement Listing:

The reimbursement listing summarizes claims payment activity during the specified period within the selected plan year. The total claims payments for health care and the total claims payments for dependent care are listed for each day of the reporting period. The number of reimbursements issued by check and the number of reimbursements issued by direct deposit (ACH) are also listed. The Reimbursement Listing can also include detail payment information for each participant.

5/5/20xx Reimbursement Listing for the period 4/29/20xx - 4/29/20xx Page 1							
Plan year 20xx							
Soc-Sec-Num	Employee Name	Check #	Medical	Dep. Care	Total	Date	Checks ACH
125-36-*****	JONES, J	ACH	338.38		338.38	04/29/08	
456-78-*****	THOMAS, P	ACH	1,254.58		1,254.58		
344-56-*****	ADMAN, T	ACH	15.32		15.32		
789-09-*****	OSCAR, C	178688	176.89		176.89		
123-45-*****	DILLON, B	ACH	142.59		142.59		
678-90-*****	JONES, P	178689	1.07		1.07		
567-89-*****	STEVENS, L	ACH	304.35		304.35		
891-23-*****	ALFRED, L	ACH	416.66		416.66		
345-67-*****	PAUL, T	ACH	891.88	225.00	1,116.88		
891-23-*****	STEWS, A	ACH	78.69		78.69		
578-90-*****	OBER, U	ACH	25.45		25.45		
345-78-*****	LONS, P	ACH	69.78		69.78		
000-12-*****	RAUL, F	ACH	89.12		89.12		
321-01-*****	ACKERMAN, T	ACH	12.75		12.75		
457-89-*****	MOORE, A	178691	727.67		727.67		
784-56-*****	QUINN, W	ACH	52.35		52.35		
Total this day			4,597.53	225.00	4,822.53	4/29/08	3 13
Total this report			4,597.53	225.00	4,822.53		3 13

Payment/Contribution Report:

The Payment/Contribution Report summarizes each participant's claims reimbursements and payroll contributions during the specified reporting period and plan year-to-date through the end of the reporting period. The participant's Social Security Number and/or Employee Identification Number and name can also be included.

Payment/Contribution Report -- Flex Accounts Only -- 2011									
<---- 01/01/11 - 07/31/2011 ---->					<-----2011 Y-T-D through 7/31/2011----->				
Paid	SSNName	Med Contrbtd	Med Paid	DC Cntrbtd	DC Paid	Med Contrbtd	Med Paid	DC Contrbtd	DC
	125-36-*****JONES, J	650	277.77			650	277.77		
	456-78-*****THOMAS, P	556.7	235			556.7	235		
	344-56-*****ADMAN, T	650	40			650	40		
	789-09-*****OSCAR, C	2200	699			2200	699		
	123-45-*****DILLON, B	315	100			315	100		
	457-89-*****MOORE, A	2316	1502	452	452	2316	1502	452	452
	000-12-*****RAUL, F	900	255			900	255		
	578-90-*****OBER, U	540	300			540	300		
	345-67-*****PAUL, T	1780	1485			1780	1485		
	891-23-*****ALFRED, L	340	0	345	200	340	0	345	200
		10247.7	4893.77	797	652	10247.7	4893.77	797	652

Email Daily Activity Notice:

This notice will notify the employer of the amounts issued that day for each flexible spending account. The notice is sent one day in advance of the effective date of the debits from the employer's account and can be sent to any individual (or individuals) designated by the employer.

=====
Email address: greg*****@*****.gov
RE: FSA Payments

To: Greg *****

FSA Payments for ***** Flexible Benefits Plan

Payments processed on 3/26/12 for plan year 2012

Category	Amount
Medical Reimbursement	14,794.92
Dependent Care	5,200.36
Total	19,995.28

Category	Check	ACH
Medical Reimbursement	2,770.78	12,024.14
Dependent Care		5,200.36
Total	2,770.78	17,224.50

ASI COBRATEST
P.O. Box 657
Columbia, MO 65205



2/27/2013

Test Person
123 Main St
Tucson, AZ 85701

Dear Test Person:

We have been retained by Set Up Inc. to serve as your COBRA compliance administrator. As a service, we are confirming your eligibility for Set Up Inc. COBRA group health plan(s). The attached PLAN STATUS DETAIL provides a detail of your status for each plan under which you are eligible through Set Up Inc. COBRA group health plan(s).

If your status under a plan(s) is PENDING, you must elect no later than the end of your Election Period. If you have already elected COBRA continuation coverage but have not submitted your initial premium payment, your status will also be PENDING. COBRA regulations allow you to delay your initial premium payment until the end of your Initial Premium Payment Grace Period (Initial Grace Period), which is measured from the date you elected continuation coverage and is listed on the attached PLAN STATUS DETAIL. If you have not elected, this date will be blank. In order to complete your enrollment under Set Up Inc. COBRA group health plan(s), we must receive your initial premium payment no later than the end of your Initial Premium Payment Grace Period. This payment must include:

- 1) Payment for the period of coverage from the date of your loss of coverage due to your Qualifying Event to the date of your COBRA election;
- and
- 2) Any regularly scheduled monthly premiums that become due between your election and the end of your initial premium payment grace period.

If your coverage under a plan terminated on the date of your qualifying event, your first month's premium paid may be a prorated amount of the full monthly premium.

If your status under a plan(s) is ENROLLED, you are responsible for the next premium due. Please note that if you have elected and paid for at least your first month but not paid your full initial premium (see below), your status will also be listed as ENROLLED. You must pay your full initial premium payment by the end of your Initial Premium Payment Grace Period in order to remain enrolled on the Set Up Inc. COBRA continuation plan(s). Attached to this letter or in a separate letter, you will receive a premium payment coupon booklet. It is your responsibility to pay premiums when due. If there is a past due amount owed, this amount will be reflected in the total due on the first premium coupon. Please note that premium payments are due on the first day of each month, regardless of receipt of a premium coupon(s). To ensure proper posting of your premium payment, it is required that you return the coupon with your payment.

Your next scheduled payment, as well as any future COBRA premium payments, are due on the first of each month thereafter, and should be mailed on or before the due date. You will have a grace period for each monthly premium payment which is listed on the second page of this letter. Failure to pay any regularly scheduled COBRA premiums by the end of the premium month's grace period will terminate your participation in the Set Up Inc. COBRA group health continuation plan(s).

The benefits for which you are eligible are fully explained in the "Summary Plan Description". This was given to all employees when they first became eligible for Set Up Inc. employee benefits. If you need a copy of the "Summary Plan Description", please notify Set Up Inc. Human Resources Department at or you may contact the customer service department of your insurance carrier. Please be aware that a break in continued coverage of more than 63 days may cause a loss of coverage portability.

Premium Information for Next Payment Due on 3/1/2013:



Plan Name	Coverage Level	Status	Premium Amount
Set Up Inc. PPO	QB Only	Enrolled	\$408.00
Total Premium for Next Payment Due on 3/1/2013:			\$408.00

Plan Name	First Day of COBRA	Last Day of COBRA	# Months of COBRA	Grace Period Days
Set Up Inc. PPO	10/1/2012	3/31/2014	18	30

Your projected COBRA premiums for up to the next 12 months, if applicable, inclusive of any employer subsidy or premium assistance under the American Recovery and Reinvestment Act of 2009, if any, are listed below. These premiums are based on current information from Set Up Inc. and may change if plan premiums or your coverage election options change.

Projected Plan Premiums

Premium Due Date	Total Amount Owed
03/01/2013	\$408.00
04/01/2013	\$408.00
05/01/2013	\$408.00
06/01/2013	\$408.00
07/01/2013	\$408.00
08/01/2013	\$408.00
09/01/2013	\$408.00
10/01/2013	\$408.00
11/01/2013	\$408.00
12/01/2013	\$408.00
01/01/2014	\$408.00
02/01/2014	\$408.00

Completed election forms and premium payments should be remitted directly to the address below. Payment must be in the form of a check or money order. DO NOT send cash.

ASI COBRATEST
P.O. Box 657
Columbia, MO 65205

If you have received a confirmation that you qualify for assistance with your COBRA premium payments from the Health Care Tax Credit (HCTC), you must contact HCTC regarding any change in COBRA administrators. In order for your portion of the COBRA premium payment to be paid directly to ASI COBRATEST, you must contact the HCTC directly by calling 1-866-628-4282. TDD/TYY callers please contact 1-866-626-4282. Or visit the HCTC on the web at <http://www.irs.gov> (IRS keyword: HCTC).

If you have any questions regarding your coverage continuation, please contact our Customer Service Department at (877) 388-8331 during normal business hours.

Sincerely,

ASI COBRATEST

PREMIUM PAYMENT COUPON



Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 3/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____

Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 4/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____

Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 5/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____

Date _____



PREMIUM PAYMENT COUPON



Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 6/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____ Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 7/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____ Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 8/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____ Date _____



PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 9/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205



I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____

Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 10/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____

Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 11/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____

Date _____



PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 12/1/2013 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205



I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____ Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 1/1/2014 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____ Date _____



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PREMIUM PAYMENT COUPON

Qualified Beneficiary
Person, Test SSN: xxx-xx-8888 Set Up Inc. CustID: 222 - MemberID: 2670

COBRA Premium Due
Due Date: 2/1/2014 Amount Due: \$408.00

Remit To
ASI COBRATEST P.O. Box 657 Columbia, MO 65205

I hereby certify that any qualified beneficiaries, including myself, remain eligible for participation in Set Up Inc. COBRA continuation plan.

Signature _____ Date _____





1/29/2013

Test Sample & Family
123 Main St
Columbia, MO 65201

Dear Test Sample & Family:

On 1/31/2013, you experienced an event of a/an Termination which constitutes a qualifying event under the Set Up Inc. group health plan(s). As a result, your coverage, and that of your covered dependent(s), if any, will end on the date(s) set forth on the COBRA Continuation Election Form accompanying this letter. Under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) this entitles you and your covered dependent(s) if any, to elect to continue coverage (referred to as COBRA coverage) under the plan(s) enrolled as active member(s). The first day of COBRA coverage and the maximum continuation period is determined by plan. Please refer to your COBRA Election Form enclosed to determine your first day of COBRA coverage and maximum continuation period ("Last Day of COBRA").

How to Elect COBRA Coverage

Under COBRA, you have a limited number of days to elect continuation coverage. Your election window is determined by the plan and is calculated from the date your coverage under the plan is lost because of the event described above or the date this notice of your election rights is sent to you, whichever is later. To elect COBRA coverage, you must complete and submit the enclosed election form to ASI COBRATEST no later than the Election Period End date ("Last Day to Elect") listed on the enclosed COBRA Election Form. This same notice is being sent separately to your spouse, if any; however, only one of you needs to elect continuation coverage for your spouse and dependent child(ren), if any, who wish to continue coverage. Furthermore, because COBRA gives you the right to elect coverage independently, you, your spouse or dependent child(ren), if any, may elect single coverage and not include those individuals who do not wish to continue coverage.

Payment of COBRA Coverage Premiums

The current amount of this premium and the due date for payment are explained in the enclosed COBRA Election Form. The premium may change in the future. We have used the information supplied by Set Up Inc. to calculate your maximum continuation period under the plan(s) you were insured prior to your qualifying event. If there is a discrepancy between our calculation and the underwriting insurance carrier, the insurance carrier always governs. Please contact your insurance carrier(s) to determine the exact end of your maximum continuation period.

Length of COBRA Coverage Period

If you and your spouse or dependent child(ren), if any, elect coverage, it can last for a maximum continuation period ("Last Day of COBRA") described in the enclosed COBRA Election Form beginning on the date of your qualifying event, or loss of coverage, whichever is later. The first day of COBRA coverage will be determined by the plan. This period may be extended for the following reasons:

1. Death of employee, divorce, legal separation or change in dependent status

If these events occur during the original maximum continuation period of COBRA coverage, the period of coverage for your spouse and dependent child(ren), if any, may be extended. These events extend the original maximum continuation period of COBRA coverage only if they would have caused your spouse or dependent child(ren), if any, to lose coverage under the plan if the original qualifying event had not occurred. Note that to receive this extension, you and/or your spouse and dependent child(ren), must notify the Set Up Inc. Plan Administrator within 60 days of the occurrence of these events.

2. Medicare entitlement of employee

If you became entitled to Medicare BEFORE your qualifying event, COBRA laws allow you to remain eligible for up to 18 months of COBRA coverage. However, your spouse and dependent child(ren), if any, may receive extended COBRA coverage for up to the greater of either: (a) 36 months from the date of your Medicare entitlement; or (b) 18 months from the date of your qualifying event, or loss of coverage, whichever is later.

If you become entitled to Medicare AFTER your qualifying event but within the original maximum continuation period of your qualifying event, your spouse and dependent child(ren), if any, may receive an additional 18 months of COBRA coverage. Note that a person generally has become entitled to Medicare when he or she has applied for Social Security income payments or has filed an application for benefits under Part A or Part B of Medicare.

3. Disability determination

If it is determined that you and/or your spouse or dependent child(ren), if any, were determined to be disabled (by the Social Security Administration) during the first 60 days of COBRA coverage and you are still disabled at the end of your original maximum continuation period of coverage, the original maximum continuation period may be extended for an additional 11 months for all individuals covered under COBRA coverage from the date of the qualifying event. This extension only applies if the Set Up Inc. Plan Administrator is notified within 60 days of a disability determination and before the end of the original maximum continuation period. Federal law requires that you notify the Set Up Inc. Plan Administrator of a determination by the Social Security Administration that you, your spouse, or dependent child(ren) are no longer disabled within 30 days of such a determination. Set Up Inc. can be reached at (573) 817-4848 during business hours.

4. Bankruptcy filing

If the employer files for bankruptcy reorganization and retiree health coverage is lost within one year before or after the bankruptcy filing, COBRA coverage could continue until the death of a retiree (or a surviving spouse of a deceased retiree) or for 36 months from the retiree's death (after the bankruptcy filing) in the case of the spouse and dependent child(ren).

Newborns and Adoptees

A child who is born to or placed for adoption with you during a period of COBRA coverage will be eligible to become covered under the plan. In accordance with the terms of the Set Up Inc. group health benefits plan and the requirements of Federal law, these qualified beneficiaries can be added to COBRA coverage upon proper notification to the Set Up Inc. Plan Administrator of the birth or adoption.

Early Termination of COBRA Coverage

COBRA coverage may terminate early if:

- (1) The required premium payment is not paid when due.
- (2) After the date of your COBRA election, you and your spouse or dependent child(ren), if any, become covered under another group health plan that does not contain any exclusion or limitation for any of your pre-existing conditions.
- (3) After the date of your COBRA election, you, your spouse or dependent child(ren), if any, become entitled to Medicare benefits.
- (4) All of Set Up Inc. group health plans are terminated.
- (5) If coverage is extended an additional 11 months due to disability, a determination that the individual is no longer disabled.
- (6) COBRA coverage may also be terminated for any reason the plan would terminate coverage of a participant or beneficiary not receiving COBRA coverage (such as fraud).

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) restricts the extent to which group health plans may impose pre-existing condition limitations. These rules are generally effective for plan years beginning after June 30, 1997. HIPAA coordinates COBRA's other coverage cut-off rule with these new limits as follows.

If you become covered by another group health plan and that plan contains a pre-existing condition limitation that affects you, your COBRA coverage cannot be terminated. However, if the other plan's pre-existing condition rule does not apply to you by reason of HIPAA's restrictions on pre-existing condition clauses, the Set Up Inc. group health plan may terminate your COBRA coverage.

Continuation coverage under COBRA is provided subject to your eligibility. The Set Up Inc. Plan Administrator reserves the right to terminate your COBRA coverage retroactively if you are determined to be ineligible for coverage. To be sure that you, your spouse and your dependent child(ren), if any, receive the necessary information concerning your rights, you should keep ASI COBRATEST informed of any address changes.



The Trade Act of 2002 provides an additional 60-day COBRA election period for certain individuals who become eligible for Trade Adjustment Assistance ("TAA"). A TAA-eligible individual who did not elect continuation coverage during the 60-day COBRA election period that was a direct consequence of the TAA-related loss of coverage, may elect continuation coverage during a 60-day period that begins on the first day of the month in which he or she is determined to be a eligible individual, provided such election is made no later than six (6) months after the date of the TAA-related loss of coverage. Any continuation coverage elected during the TAA second election period will begin with the first day of the second election period, and not be counted for purposes of determining whether the individual has had a 63-day break in coverage. If you have any questions regarding the TAA, please contact the Health Care Tax Credit (HCTC) Customer Service department at (866) 628-4282. TDD/TYY callers, please call (866) 626-4282. Or visit the HCTC on the Web at <http://www.irs.gov> (IRS keyword: HCTC).

Please be advised of your right to obtain a copy of the Summary Plan Description (SPD) for your group health plan by contacting the Set Up Inc. Human Resource Department at (573) 817-4848. The SPD contains a complete description of your benefits.

This notice is a summary of your COBRA rights. For answers to specific questions, please contact our Customer Service Department at (877) 388-8331 during business hours.

Sincerely,

ASI COBRATEST

COBRA CONTINUATION COVERAGE ELECTION FORM

Set Up Inc.

**IMPORTANT: PLEASE RETAIN A COPY OF THIS COBRA ELECTION FORM FOR FUTURE REFERENCE.
THIS FORM CONTAINS INFORMATION ABOUT YOUR RIGHTS UNDER COBRA.**



To continue coverage, you must complete and submit this election form to ASI COBRATEST no later than the Election Period End date ("Last Day To Elect") listed below. If this election form is not returned within the enrollment period described below for each plan, you will lose your right to elect coverage. After you have elected to continue coverage under COBRA, you must pay the Initial Premium, which includes the premiums for the period of coverage from your First Day of COBRA to the date of your election and any regularly scheduled monthly premiums that become due between your election date and the end of the Initial Premium Payment period. Your Initial Premium Period will end at the end of your Initial Grace Period which is listed below and which is measured as a number of days after the date of your election. To become "fully enrolled" under COBRA, you must "pay your account to current" no later than the end of your Initial Grace Period. You may certainly though "pay to current" and become fully enrolled under COBRA before the end of your Initial Grace Period. Paying to current is defined as paid to the month in which it currently is.

If you waive coverage under COBRA before the end of the enrollment period, you can change your mind and continue coverage by submitting your completed election form before the end of the enrollment period described below for each plan.

If you have questions about COBRA or need assistance to complete your election form, please contact our Customer Service Department at (877) 388-8331 during business hours.

Qualified Beneficiary(QB):

Test Sample
123 Main St
Columbia, MO 65201

Event Date: 1/31/2013
Event Type: Termination
Second Event: No

COBRA gives you the right to elect coverage independently. You, your spouse or dependent child(ren), if any, may elect single coverage and not include those individuals who do not wish to continue coverage.

Premium Information:

Plan Name	Coverage Level	Monthly Premium
Set Up Inc. PPO	QB + Spouse	\$561.00
Total Premium:		\$561.00

Plan Name	First Day of COBRA	Last Day of COBRA	# Months of COBRA	Last Day To Elect	Initial Grace Period Days	Subsequent Grace Period Days
Set Up Inc. PPO	2/1/2013	7/31/2014	18	4/2/2013	45	30

Election Options (Individuals Enrolled Prior to Qualifying Event):

Please indicate the COBRA continuation coverage you are electing by checking the applicable box(es).

Name	Relationship	Date of Birth	SSN
Test Sample Accept <input type="checkbox"/> Waive <input type="checkbox"/> Set Up Inc. PPO	QB	1/1/1975	xxx-xx-9999
Spouse Sample Accept <input type="checkbox"/> Waive <input type="checkbox"/> Set Up Inc. PPO	Spouse	1/2/1975	xxx-xx-9999

Alternative Election Options:

Plan Name	Coverage Level	First Day of COBRA	Monthly Premium
Set Up Inc. PPO	QB + Spouse	2/1/2013	\$561.00
	QB Only	2/1/2013	\$408.00

Completed election forms and premium payments should be remitted directly to the address below. Payment must be in the form of a check or money order. DO NOT send cash.



ASI COBRATEST
P.O. Box 657
Columbia, MO 65205

[] I have read this form and the notice of my election rights. I understand my rights to elect continuation coverage and would like to take the action indicated above. I understand that if I elect continuation coverage, my continuation coverage will terminate under several circumstances according to COBRA regulations, including: non-payment of premium, the date I or a continued dependent become covered under another Group Health Plan or become entitled to Medicare after the COBRA election, or on the date which this Group Plan ends. I also understand that if I was determined to be disabled by the Social Security Administration within 60 days of my Qualifying Event, I may be eligible for extended continuation coverage and that any break in continued coverage of more than 63 days may cause loss of coverage portability.

I understand that future premiums are due the first of each month. I also understand that failure to pay the required premiums will result in termination of COBRA rights and coverage.

Signature _____

Date _____

*NOTE: If signature line is on a second page, be sure to include all pages of the election form. We will not be able to process your election without the entire form.

ASI COBRATEST
P.O. Box 657
Columbia, MO 65205



1/29/2013

Test Sample & Family
123 Main St
Columbia, MO 65201

Dear Test Sample & Family:

HIPAA CERTIFICATE OF GROUP HEALTH PLAN COVERAGE

From: Set Up Inc.

IMPORTANT: This certificate provides evidence of your prior health coverage. You may need to furnish this certificate if you become eligible under a group health plan that excludes coverage for certain medical conditions that you have before you enrolled. This certificate may need to be provided if medical advice, diagnosis, care, or treatment was recommended or received for the condition within the 6-month period prior to your enrollment in the new plan. If you become covered under another group health plan, check with the Plan Administrator to see if you need to provide this certificate. You may also need this certificate to buy, for yourself or family, an insurance policy that does not exclude coverage for medical conditions that are present before you enroll.

Questions about this certificate of coverage should be directed to ASI COBRATEST at (877) 388-8331 during business hours.

Participant Name	Test Sample
Participant SSN :	xxx-xx-9999
Benefit Plan Name	Set Up Inc PPO
Level of Coverage :	QB + Spouse
Date of Hire/Enrollment Date	1/1/2005
Waiting Period Prior to First Coverage :	0
Last Day Covered	1/31/2013

<u>Dependent Name</u>	<u>Relationship</u>	<u>Benefit Start</u>	<u>Benefit End</u>
Spouse Sample	Spouse	1/1/2005	1/31/2013

Statement of HIPAA Portability Rights



IMPORTANT - KEEP THIS CERTIFICATE. This certificate is evidence of your coverage under this plan. Under a federal law known as HIPAA, you may need evidence of your coverage to reduce a pre-existing condition exclusion period under another plan, to help you get special enrollment in another plan, or to get certain types of individual health coverage even if you have health problems.

Pre-existing Condition Exclusions

Some group health plans restrict coverage for medical conditions present before an individual's enrollment. These restrictions are known as pre-existing condition exclusions. A pre-existing condition exclusion can apply only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received within the six (6) months before your enrollment date. Your enrollment date is your first day of coverage under the plan, or, if there is a waiting period, the first day of your waiting period (typically your first day of work). In addition, a pre-existing condition exclusion cannot last for more than 12 months after your enrollment date (18 months if you are a late enrollee). Finally, a pre-existing condition exclusion cannot apply to pregnancy and cannot apply to a child who is enrolled in health coverage within 30 days after birth, adoption, or placement for adoption.

If a plan imposes a pre-existing condition exclusion, the length of the exclusion must be reduced by the amount of your prior creditable coverage. Most health coverage is creditable coverage, including group health plan coverage, COBRA continuation coverage, coverage under an individual health policy, Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), and coverage through high-risk pools and the Peace Corps. Not all forms of creditable coverage are required to provide certificates like this one. If you do not receive a certificate for past coverage, talk to your plan administrator.

You can add up any creditable coverage you have, including the coverage shown on this certificate. However, if at any time you went for 63 days or more without any coverage (called a break in coverage) a plan may not have to count the coverage you had before the break.

Therefore, once your coverage ends, you should try to obtain alternative coverage as soon as possible to avoid a 63-day break. You may use this certificate as evidence of your creditable coverage to reduce the length of any pre-existing condition exclusion if you enroll in another plan.

Right to get special enrollment in another plan

Under HIPAA, if you lose your group health plan coverage, you may be able to get into another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days. (Additional special enrollment rights are triggered by marriage, birth, adoption and placement for adoption.)

Therefore, once your coverage ends, if you are eligible for coverage in another plan (such as a spouse's plan), you should request special enrollment as soon as possible.

Prohibition against discrimination based on a health factor

Under HIPAA, a group health plan may not keep you (or your dependents) out of the plan based on anything related to your health. Also, a group health plan may not charge you (or your dependents) more for coverage, based on health, than the amount charged a similarly situated individual.

Right to individual health coverage

Under HIPAA, if you are an eligible individual, you have a right to buy certain individual health policies (or in some states, to buy coverage through a high-risk pool) without a pre-existing condition exclusion. To be an eligible individual, you must meet the following requirements:

1. You must have had coverage for at least 18 months without a break in coverage of 63 days or more;
2. Your most recent coverage was under a group health plan (which can be shown by this certificate);
3. Your group coverage was not terminated because of fraud or nonpayment of premiums;
4. You are not eligible for COBRA continuation coverage or you have exhausted your COBRA benefits (or continuation coverage under a similar state provision); and
5. You are not eligible for another group health plan, Medicare, or Medicaid, and do not have any other health insurance coverage.

The right to buy individual coverage is the same whether you are laid off, fired, or quit your job. Therefore, if you are interested in obtaining individual coverage and you meet the other criteria to be an eligible individual, you should apply for this coverage as soon as possible to avoid losing your eligible individual status due to a 63-day break.



Special information for people on FMLA leave

If you are taking leave under the Family and Medical Leave Act (FMLA) and you drop health coverage during your leave, any days without health coverage while on FMLA leave will not count towards a 63-day break in coverage. In addition, if you do not return from leave, the 30-day period to request special enrollment in another plan will not start before your FMLA leave ends.

Therefore, when you apply for other health coverage, you should tell your plan administrator or health insurer about any prior FMLA leave.

State flexibility

This certificate describes minimum HIPAA protections under federal law. States may require insurers and HMOs to provide additional protections to individuals in that state.

For More Information

If you have questions about your HIPAA rights, you may contact your state insurance department or the U.S. Department of Labor, Employee Benefits Security Administration (EBSA) toll-free at 1-866-444-3272 (for free HIPAA publications, ask for publications concerning changes in health care laws). You may also contact the CMS publication hotline at 1-800-633-4227 (ask for Protecting Your Health Insurance Coverage). These publications and other useful information are also available on the Internet at <http://www.dol.gov/ebsa>, the DOL's interactive web pages - Health Elaws, or <http://www.cms.hhs.gov/hipaa1>.

ASI COBRATEST
P.O. Box 657
Columbia, MO 65205



3/19/2013

Test Sample & Family
123 Main St
Columbia, MO 65201

Dear Test Sample & Family:

HIPAA CERTIFICATE OF GROUP HEALTH PLAN COVERAGE

From: Set Up Inc.

IMPORTANT: This certificate provides evidence of your prior health coverage. You may need to furnish this certificate if you become eligible under a group health plan that excludes coverage for certain medical conditions that you have before you enrolled. This certificate may need to be provided if medical advice, diagnosis, care, or treatment was recommended or received for the condition within the 6-month period prior to your enrollment in the new plan. If you become covered under another group health plan, check with the Plan Administrator to see if you need to provide this certificate. You may also need this certificate to buy, for yourself or family, an insurance policy that does not exclude coverage for medical conditions that are present before you enroll.

Questions about this certificate of coverage should be directed to ASI COBRATEST at (877) 388-8331 during business hours.

Participant Name	Test Sample
Participant SSN :	xxx-xx-9999
Benefit Plan Name	Set Up Inc. PPO
Level of Coverage :	QB + Spouse
Date of Hire/Enrollment Date	1/1/2005
Waiting Period Prior to First Coverage :	0
Last Day Covered	Enrolled

Dependent Name	Relationship	Benefit Start	Benefit End
Spouse Sample	Spouse	1/1/2005	Enrolled

Statement of HIPAA Portability Rights



IMPORTANT - KEEP THIS CERTIFICATE. This certificate is evidence of your coverage under this plan. Under a federal law known as HIPAA, you may need evidence of your coverage to reduce a pre-existing condition exclusion period under another plan, to help you get special enrollment in another plan, or to get certain types of individual health coverage even if you have health problems.

Pre-existing Condition Exclusions

Some group health plans restrict coverage for medical conditions present before an individual's enrollment. These restrictions are known as pre-existing condition exclusions. A pre-existing condition exclusion can apply only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received within the six (6) months before your enrollment date. Your enrollment date is your first day of coverage under the plan, or, if there is a waiting period, the first day of your waiting period (typically your first day of work). In addition, a pre-existing condition exclusion cannot last for more than 12 months after your enrollment date (18 months if you are a late enrollee). Finally, a pre-existing condition exclusion cannot apply to pregnancy and cannot apply to a child who is enrolled in health coverage within 30 days after birth, adoption, or placement for adoption.

If a plan imposes a pre-existing condition exclusion, the length of the exclusion must be reduced by the amount of your prior creditable coverage. Most health coverage is creditable coverage, including group health plan coverage, COBRA continuation coverage, coverage under an individual health policy, Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), and coverage through high-risk pools and the Peace Corps. Not all forms of creditable coverage are required to provide certificates like this one. If you do not receive a certificate for past coverage, talk to your plan administrator.

You can add up any creditable coverage you have, including the coverage shown on this certificate. However, if at any time you went for 63 days or more without any coverage (called a break in coverage) a plan may not have to count the coverage you had before the break.

Therefore, once your coverage ends, you should try to obtain alternative coverage as soon as possible to avoid a 63-day break. You may use this certificate as evidence of your creditable coverage to reduce the length of any pre-existing condition exclusion if you enroll in another plan.

Right to get special enrollment in another plan

Under HIPAA, if you lose your group health plan coverage, you may be able to get into another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days. (Additional special enrollment rights are triggered by marriage, birth, adoption and placement for adoption.)

Therefore, once your coverage ends, if you are eligible for coverage in another plan (such as a spouse's plan), you should request special enrollment as soon as possible.

Prohibition against discrimination based on a health factor

Under HIPAA, a group health plan may not keep you (or your dependents) out of the plan based on anything related to your health. Also, a group health plan may not charge you (or your dependents) more for coverage, based on health, than the amount charged a similarly situated individual.

Right to individual health coverage

Under HIPAA, if you are an eligible individual, you have a right to buy certain individual health policies (or in some states, to buy coverage through a high-risk pool) without a pre-existing condition exclusion. To be an eligible individual, you must meet the following requirements:

1. You must have had coverage for at least 18 months without a break in coverage of 63 days or more;
2. Your most recent coverage was under a group health plan (which can be shown by this certificate);
3. Your group coverage was not terminated because of fraud or nonpayment of premiums;
4. You are not eligible for COBRA continuation coverage or you have exhausted your COBRA benefits (or continuation coverage under a similar state provision); and
5. You are not eligible for another group health plan, Medicare, or Medicaid, and do not have any other health insurance coverage.

The right to buy individual coverage is the same whether you are laid off, fired, or quit your job. Therefore, if you are interested in obtaining individual coverage and you meet the other criteria to be an eligible individual, you should apply for this coverage as soon as possible to avoid losing your eligible individual status due to a 63-day break.



Special information for people on FMLA leave

If you are taking leave under the Family and Medical Leave Act (FMLA) and you drop health coverage during your leave, any days without health coverage while on FMLA leave will not count towards a 63-day break in coverage. In addition, if you do not return from leave, the 30-day period to request special enrollment in another plan will not start before your FMLA leave ends.

Therefore, when you apply for other health coverage, you should tell your plan administrator of health insurer about any prior FMLA leave.

State flexibility

This certificate describes minimum HIPAA protections under federal law. States may require insurers and HMOs to provide additional protections to individuals in that state.

For More Information

If you have questions about your HIPAA rights, you may contact your state insurance department or the U.S. Department of Labor, Employee Benefits Security Administration (EBSA) toll-free at 1-866-444-3272 (for free HIPAA publications, ask for publications concerning changes in health care laws). You may also contact the CMS publication hotline at 1-800-633-4227 (ask for Protecting Your Health Insurance Coverage). These publications and other useful information are also available on the Internet at <http://www.dol.gov/ebsa>, the DOL's interactive web pages - Health Elaws, or <http://www.cms.hhs.gov/hipaa1>.

ASI COBRATEST
P.O. Box 657
Columbia, MO 65205



3/6/2013

Test Tester
1234 Main St
Tucson, AZ 85701

Dear Test Tester:

You are hereby notified that your participation and that of your eligible qualified dependents, if any, in the Set Up Inc. group health benefits continuation plan(s) listed below, will be or has been terminated on the date listed below.

Plan Termination Information:

Plan Name	Coverage Level	Termination Reason	Termination Date
Set Up Inc. PPO	QB Only	Payment grace period expired	12/31/2012

If you incurred any eligible expenses for which you are due reimbursement for the plan(s) listed above, you should file your claim with your insurance carrier(s) in the usual manner within the next 90 days.

If your state provides continuation coverage options after the Federal COBRA continuation period expires, you should examine your options carefully before declining this coverage. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely. Please contact the Customer Service Department at your insurance carrier to learn more about continuation coverage options that may be available to you.

Please note, we have used the information supplied by Set Up Inc. to calculate your maximum continuation period under the plan(s) you were insured prior to your qualifying event. If there is a discrepancy between our calculation and the underwriting insurance carrier, the insurance carrier always governs. Please contact your insurance carrier(s) to determine the exact end of your maximum continuation period.

Finally, if you are receiving this letter due to the expiration of your maximum continuation period under COBRA, and if the last day of your continuation period occurred on a date in the middle of a calendar month, this letter may have been sent prior to receipt of your payment for your final partial month of coverage. If you have not yet paid for your final partial month of coverage and still intend to do so, you have until the normal expiration of the payment grace period for this final month to postmark your payment.

If you have any questions regarding your COBRA continuation coverage, please contact our Customer Service Department at (877) 388-8331 during business hours.

Sincerely,

ASI COBRATEST



3/6/2013

Test Tester
1234 Main St
Tucson, AZ 85701

Dear Test Tester:

HIPAA CERTIFICATE OF GROUP HEALTH PLAN COVERAGE

From: Set Up Inc.

IMPORTANT: This certificate provides evidence of your prior health coverage. You may need to furnish this certificate if you become eligible under a group health plan that excludes coverage for certain medical conditions that you have before you enrolled. This certificate may need to be provided if medical advice, diagnosis, care, or treatment was recommended or received for the condition within the 6-month period prior to your enrollment in the new plan. If you become covered under another group health plan, check with the Plan Administrator to see if you need to provide this certificate. You may also need this certificate to buy, for yourself or family, an insurance policy that does not exclude coverage for medical conditions that are present before you enroll.

Questions about this certificate of coverage should be directed to ASI COBRATEST at (877) 388-8331 during business hours.

Participant Name	Test Tester
Participant SSN :	xxx-xx-7777
Benefit Plan Name	Set Up Inc. PPO
Level of Coverage :	QB Only
Date of Hire/Enrollment Date	1/1/2001
Waiting Period Prior to First Coverage :	0
Last Day Covered	12/31/2012

<u>Dependent Name</u>	<u>Relationship</u>	<u>Benefit Start</u>	<u>Benefit End</u>
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Statement of HIPAA Portability Rights



IMPORTANT - KEEP THIS CERTIFICATE. This certificate is evidence of your coverage under this plan. Under a federal law known as HIPAA, you may need evidence of your coverage to reduce a pre-existing condition exclusion period under another plan, to help you get special enrollment in another plan, or to get certain types of individual health coverage even if you have health problems.

Pre-existing Condition Exclusions

Some group health plans restrict coverage for medical conditions present before an individual's enrollment. These restrictions are known as pre-existing condition exclusions. A pre-existing condition exclusion can apply only to conditions for which medical advice, diagnosis, care, or treatment was recommended or received within the six (6) months before your enrollment date. Your enrollment date is your first day of coverage under the plan, or, if there is a waiting period, the first day of your waiting period (typically your first day of work). In addition, a pre-existing condition exclusion cannot last for more than 12 months after your enrollment date (18 months if you are a late enrollee). Finally, a pre-existing condition exclusion cannot apply to pregnancy and cannot apply to a child who is enrolled in health coverage within 30 days after birth, adoption, or placement for adoption.

If a plan imposes a pre-existing condition exclusion, the length of the exclusion must be reduced by the amount of your prior creditable coverage. Most health coverage is creditable coverage, including group health plan coverage, COBRA continuation coverage, coverage under an individual health policy, Medicare, Medicaid, State Children's Health Insurance Program (SCHIP), and coverage through high-risk pools and the Peace Corps. Not all forms of creditable coverage are required to provide certificates like this one. If you do not receive a certificate for past coverage, talk to your plan administrator.

You can add up any creditable coverage you have, including the coverage shown on this certificate. However, if at any time you went for 63 days or more without any coverage (called a break in coverage) a plan may not have to count the coverage you had before the break.

Therefore, once your coverage ends, you should try to obtain alternative coverage as soon as possible to avoid a 63-day break. You may use this certificate as evidence of your creditable coverage to reduce the length of any pre-existing condition exclusion if you enroll in another plan.

Right to get special enrollment in another plan

Under HIPAA, if you lose your group health plan coverage, you may be able to get into another group health plan for which you are eligible (such as a spouse's plan), even if the plan generally does not accept late enrollees, if you request enrollment within 30 days. (Additional special enrollment rights are triggered by marriage, birth, adoption and placement for adoption.)

Therefore, once your coverage ends, if you are eligible for coverage in another plan (such as a spouse's plan), you should request special enrollment as soon as possible.

Prohibition against discrimination based on a health factor

Under HIPAA, a group health plan may not keep you (or your dependents) out of the plan based on anything related to your health. Also, a group health plan may not charge you (or your dependents) more for coverage, based on health, than the amount charged a similarly situated individual.

Right to individual health coverage

Under HIPAA, if you are an eligible individual, you have a right to buy certain individual health policies (or in some states, to buy coverage through a high-risk pool) without a pre-existing condition exclusion. To be an eligible individual, you must meet the following requirements:

1. You must have had coverage for at least 18 months without a break in coverage of 63 days or more;
2. Your most recent coverage was under a group health plan (which can be shown by this certificate);
3. Your group coverage was not terminated because of fraud or nonpayment of premiums;
4. You are not eligible for COBRA continuation coverage or you have exhausted your COBRA benefits (or continuation coverage under a similar state provision); and
5. You are not eligible for another group health plan, Medicare, or Medicaid, and do not have any other health insurance coverage.

The right to buy individual coverage is the same whether you are laid off, fired, or quit your job. Therefore, if you are interested in obtaining individual coverage and you meet the other criteria to be an eligible individual, you should apply for this coverage as soon as possible to avoid losing your eligible individual status due to a 63-day break.



Special information for people on FMLA leave

If you are taking leave under the Family and Medical Leave Act (FMLA) and you drop health coverage during your leave, any days without health coverage while on FMLA leave will not count towards a 63-day break in coverage. In addition, if you do not return from leave, the 30-day period to request special enrollment in another plan will not start before your FMLA leave ends.

Therefore, when you apply for other health coverage, you should tell your plan administrator of health insurer about any prior FMLA leave.

State flexibility

This certificate describes minimum HIPAA protections under federal law. States may require insurers and HMOs to provide additional protections to individuals in that state.

For More Information

If you have questions about your HIPAA rights, you may contact your state insurance department or the U.S. Department of Labor, Employee Benefits Security Administration (EBSA) toll-free at 1-866-444-3272 (for free HIPAA publications, ask for publications concerning changes in health care laws). You may also contact the CMS publication hotline at 1-800-633-4227 (ask for Protecting Your Health Insurance Coverage). These publications and other useful information are also available on the Internet at <http://www.dol.gov/ebsa>, the DOL's interactive web pages - Health Elaws, or <http://www.cms.hhs.gov/hipaa1>.

SAMPLE Notice of Unavailability of COBRA

[Date]

[Inside Address]

RE: Notice of Unavailability of Extension of COBRA Coverage

We are in receipt of your notice of the occurrence of an event to continue COBRA continuation coverage. Your notice indicated COBRA coverage should be continued for [named qualified beneficiaries] because of [explain event].

It has been determined that based on this event, COBRA coverage is not available because:
[explanation]

If you disagree with this determination you can request a review by appealing the decision as follows:

[describe employer appeal provisions]

ASIFlex and ASI COBRA

Your choice for FSA, HRA, Commuter Benefit, HSA and COBRA administrative services!



Efficient administrative services to meet your compliance needs!

Personalized customer service for you and your employees!

Reduce your burden and liability of meeting COBRA requirements!

SOLICITATION NUMBER	RELEASE DATE
RFP 4292 Z1 COST PROPOSAL	March 12, 2013
OPENING DATE AND TIME	PROCUREMENT CONTACT
April 4, 2013 2:00 p.m. Central Time	Mary Lanning/Michelle Musick

State of Nebraska RFP 4292 Z1
Flexible Spending Account and
COBRA and Retiree Billing Administrative Services

**State of Nebraska (State Purchasing Bureau)
REQUEST FOR PROPOSAL FOR
CONTRACTUAL SERVICES FORM**

RETURN TO:
State Purchasing Bureau
301 Centennial Mall South, 1st Fl
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Phone: 402-471-2401
Fax: 402-471-2089

SOLICITATION NUMBER	RELEASE DATE
RFP 4292 Z1	March 12, 2013
OPENING DATE AND TIME	PROCUREMENT CONTACT
April 1, 2013 2:00 p.m. Central Time	Mary Lanning/Michelle Musick

This form is part of the specification package and must be signed and returned, along with proposal documents, by the opening date and time specified.

PLEASE READ CAREFULLY!

SCOPE OF SERVICE

The State of Nebraska, Administrative Services (AS), Materiel Division, Purchasing Bureau, is issuing this Request for Proposal, RFP Number 4292 Z1 for the purpose of selecting a qualified contractor to provide Flexible Spending Account and COBRA and Retiree Benefits Services.

Written questions are due no later than March 20, 2013, and should be submitted via e-mail to matpurch.dasmat@nebraska.gov. Written questions may also be sent by facsimile to (402) 471-2089.

Bidder should submit one (1) original and six (6) copies of the entire proposal. In the event of any inconsistencies among the proposals, the language contained in the original proposal shall govern. Proposals must be submitted by the proposal due date and time.

PROPOSALS MUST MEET THE REQUIREMENTS OUTLINED IN THIS REQUEST FOR PROPOSAL TO BE CONSIDERED VALID. PROPOSALS WILL BE REJECTED IF NOT IN COMPLIANCE WITH THESE REQUIREMENTS.

1. Sealed proposals must be received in State Purchasing by the date and time of proposal opening indicated above. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.
2. This form "REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES" MUST be manually signed, in ink, and returned by the proposal opening date and time along with bidder's proposal and any other requirements as specified in the Request for Proposal in order to be considered for an award.
3. It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows:
<http://www.das.state.ne.us/materiel/purchasing/>
4. It is understood by the parties that in the State of Nebraska's opinion, any limitation on the contractor's liability is unconstitutional under the Nebraska State Constitution, Article XIII, Section 3, and that any limitation of liability shall not be binding on the State of Nebraska despite inclusion of such language in documents supplied with the contractor's bid or in the final contract.

BIDDER MUST COMPLETE THE FOLLOWING

By signing this Request For Proposal For Contractual Services form, the bidder guarantees compliance with the provisions stated in this Request for Proposal, agrees to the terms and conditions (see Section III) and certifies bidder maintains a drug free work place environment.

FIRM: **Application Software, Inc. DBA ASIFlex and ASI COBRA, LLC**

COMPLETE ADDRESS: **201 West Broadway, Suite 4C, Columbia, MO 65203**

TELEPHONE NUMBER: **800.659.3035** FAX NUMBER: **573.442.4435**

SIGNATURE:  DATE: **April 1, 2013**

TYPED NAME & TITLE OF SIGNER: **John M. Riddick, President/CEO**

STATE OF NEBRASKA

RFP 4292 Z1

COST PROPOSAL REQUIREMENTS

This section describes the requirements to be addressed by bidders in preparing the Cost Proposal. The bidder must submit the Cost Proposal in a section of the proposal that is a separate section or is packaged separately as specified in this RFP from the Technical Proposal section.

The component costs of the fixed price proposal for providing the services set forth in the Request for Proposal must be provided by submitting forms substantially equivalent to those described below.

1. PRICING SUMMARY

This summary shall present the total fixed price to perform all of the requirements of the Request for Proposal. The bidder must include details in the Cost Proposal supporting any and all costs. These details must include, at a minimum, detailed descriptions and/or specifications of the goods and/or services to be provided, quantities, and timing and unit costs, if applicable. Attachment 4

The State reserves the right to review all aspects of the Cost Proposal for reasonableness and to request clarification of any proposal where the cost component shows significant and unsupported deviation from industry standards or in areas where detailed pricing is required.

2. PRICES

Prices quoted shall be net, including transportation and delivery charges fully prepaid by the bidder, F.O.B. destination named in the Request for Proposal. No additional charges will be allowed for packing, packages, or partial delivery costs. When an arithmetic error has been made in the extended total, the unit price will govern.

Cost Clarifications

Flexible Spending Account -

Fee is based on the number of participants actually enrolled in a spending account. (4,292 health care FSA participants; 472 dependent care FSA participants) One fee is billed for enrollment in one, or both FSAs.

COBRA -

Fee is based on the number of eligible active employees (16,100).

Retiree Billing -

Fee is based on the number of eligible active employees (16,100).

Submitted by:

Application Software, Inc. dba ASIFlex and ASI COBRA, LLC

Form A

Bidder Contact Sheet

Request for Proposal Number 4292 Z1

Form A should be completed and submitted with each response to this Request for Proposal. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	Application Software, Inc DBA ASIFlex and ASI COBRA, LLC
Bidder Address:	201 West Broadway, Suite 4C Columbia, MO 65203
Contact Person & Title:	Anita Spencer, Account Executive
E-mail Address:	aspencer@asiflex.com
Telephone Number (Office):	573.999.6632
Telephone Number (Cellular):	573.999.6632
Fax Number:	573.442-4435

Each bidder shall also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	Application Software, Inc DBA ASIFlex and ASI COBRA, LLC
Bidder Address:	201 West Broadway, Suite 4C Columbia, MO 65203
Contact Person & Title:	Anita Spencer, Account Executive
E-mail Address:	aspencer@asiflex.com
Telephone Number (Office):	573.999.6632
Telephone Number (Cellular):	573.999.6632
Fax Number:	573.442-4435

ATTACHMENT 4

State of Nebraska					
Request for Proposal					
Cost Proposal					
Vendor Name:	ASIFlex and ASI COBRA				
	Initial Period	Renewal Period			
	July 1, 2013 thru June 30, 2016	July 1, 2016 thru June 30, 2017	July 1, 2017 thru June 30, 2018	July 1, 2018 thru June 30, 2019	July 1, 2019 thru June 30, 2020
Bidder must provide the following costs on a "<u>Per Participating Employee Per Month</u>" (PPEPM) basis	PPEPM	PPEPM	PPEPM	PPEPM	PPEPM
Section 125 Flex Health and Dependent Care Accounts administration	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75
Optional Section 125 Flex Debit Card	\$0.25	\$0.25	\$0.25	\$0.25	\$0.25
Bidder must provide the following costs on a "<u>Per Eligible Employee Per Month</u>" (PEEPM) basis	PEEPM	PEEPM	PEEPM	PEEPM	PEEPM
COBRA administration	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39
Retiree administration	\$0.16	\$0.16	\$0.16	\$0.16	\$0.16