

REQUEST FOR PROPOSALS



Newport News Public Schools
ISSUING OFFICE:

DATE: December 22, 2009

PURCHASING DEPARTMENT
12465 WARWICK BOULEVARD
NEWPORT NEWS, VA 23606-3041
TELEPHONE: (757) 591-4525
FAX: (757) 591-4634

Attention of Offeror is Directed To Section
2.2-4367 to 2.2-4377 Code of Virginia
(Ethics In Public Contracting)

RFP ITEM NO. 028-0-2010/AB
PROCUREMENT OFFICER Angela Bright
CLOSING DATE February 1, 2010
CLOSING TIME 2:00 P.M.
PREPROPOSAL CONFERENCE NONMANDATORY DATE January 7, 2010 TIME: 10:00 A.M.

SEALED PROPOSALS will be received in the Issuing Office above until Closing Date and Closing Time as specified in this solicitation including any addenda issued by this office. Newport News Public Schools is not responsible for late delivery by U.S. Postal mail or other couriers. All inquiries for information regarding this Request for Proposal are to be directed to the Issuing Office as defined herein.

COMMODITY: Health Insurance

NIGP CODE: 953-48

PLEASE FILL IN OFFEROR'S NAME & ADDRESS
IN THE SPACES PROVIDED BELOW:

THIS IS NOT AN ORDER

THE SCHOOL BOARD OF THE CITY OF NEWPORT NEWS, HEREAFTER REFERRED TO AS NEWPORT NEWS PUBLIC SCHOOLS (NNPS), THE AUTHORIZED PURCHASING AGENT OF NEW HORIZONS REGIONAL EDUCATION CENTERS (NHREC), RESERVES THE RIGHT TO ACCEPT OR REJECT ANY AND ALL PROPOSALS IN WHOLE OR IN PART AND WAIVE ANY INFORMALITIES IN THE COMPETITIVE NEGOTIATIONS PROCESS. FURTHER, NNPS RESERVES THE RIGHT TO ENTER INTO ANY CONTRACT DEEMED TO BE IN ITS BEST INTEREST. THE ENTIRE CONTENTS OF THE REQUEST FOR PROPOSALS, ANY ADDENDA, OFFEROR'S PROPOSAL AND NEGOTIATED CHANGES SHALL BE INCORPORATED BY REFERENCE INTO ANY RESULTING CONTRACT.

NNPS DOES NOT DISCRIMINATE AGAINST FAITH-BASED ORGANIZATIONS.

DESCRIPTION OF GOODS/SERVICES

Health Insurance Benefits for NHREC Employees

ACKNOWLEDGE RECEIPT OF ADDENDUM: #1___ #2___ #3___ #4___ (Please Initial)

IN COMPLIANCE WITH THIS SOLICITATION AND TO ALL THE CONDITIONS IMPOSED HEREIN, THE UNDERSIGNED AGREES TO PERFORM ANY CONTRACT AWARDED AS A RESULT OF THIS SOLICITATION. THE FOLLOWING SECTION SHALL BE SIGNED BY AN AGENT AUTHORIZED TO BIND THE COMPANY. FAILURE TO EXECUTE THIS PORTION MAY RESULT IN PROPOSAL REJECTION.

Authorized Agent:	_____	_____	
	Signature		Type or Print Name
_____	_____	_____	_____
Email Address	Telephone Number	Fax Number	Company FEI/FIN#

ENCLOSURES



ANTI-COLLUSION/NONDISCRIMINATION/DRUG-FREE WORKPLACE REQUIREMENTS

ANTI-COLLUSION CLAUSE:

IN THE PREPARATION AND SUBMISSION OF THIS PROPOSAL, SAID OFFEROR DID NOT EITHER DIRECTLY OR INDIRECTLY ENTER INTO ANY COMBINATION OR ARRANGEMENT WITH ANY PERSON, FIRM OR CORPORATION, OR ENTER INTO ANY AGREEMENT, PARTICIPATE IN ANY COLLUSION, OR OTHERWISE TAKE ANY ACTION IN VIOLATION OF THE SHERMAN ACT (15 U.S.C. SECTION 1), SECTIONS 59.1-9.1 THROUGH 59.1-9.17 OR SECTIONS 59.1-68.6 THROUGH 59.1-68.8 OF THE CODE OF VIRGINIA.

THE UNDERSIGNED OFFEROR HEREBY CERTIFIES THAT THIS AGREEMENT, OR ANY CLAIMS RESULTING THEREFROM, IS NOT THE RESULT OF, OR AFFECTED BY, ANY ACT OF COLLUSION WITH, OR ANY ACT OF, ANOTHER PERSON OR PERSONS, FIRM OR CORPORATION ENGAGED IN THE SAME LINE OF BUSINESS OR COMMERCE; AND, THAT NO PERSON ACTING FOR, OR EMPLOYED BY, NHREC HAS AN INTEREST IN, OR IS CONCERNED WITH, THIS PROPOSAL; AND, THAT NO PERSON OR PERSONS, FIRM OR CORPORATION OTHER THAN THE UNDERSIGNED, HAVE, OR ARE, INTERESTED IN THIS PROPOSAL.

DRUG-FREE WORKPLACE:

DURING THE PERFORMANCE OF THIS CONTRACT, THE SUCCESSFUL OFFEROR AGREES TO (I) PROVIDE A DRUG-FREE WORKPLACE FOR THE SUCCESSFUL OFFEROR'S EMPLOYEES; (II) POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, A STATEMENT NOTIFYING EMPLOYEES THAT THE UNLAWFUL MANUFACTURE, SALE, DISTRIBUTION, DISPENSATION, POSSESSION, OR USE OF A CONTROLLED SUBSTANCE OR MARIJUANA IS PROHIBITED IN THE SUCCESSFUL OFFEROR'S WORKPLACE AND SPECIFYING THE ACTIONS THAT WILL BE TAKEN AGAINST EMPLOYEES FOR VIOLATIONS OF SUCH PROHIBITION; (III) STATE IN ALL SOLICITATIONS OR ADVERTISEMENTS FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE SUCCESSFUL OFFEROR THAT THE SUCCESSFUL OFFEROR MAINTAINS A DRUG-FREE WORKPLACE; AND (IV) INCLUDE THE PROVISIONS OF THE FOREGOING CLAUSES IN EVERY SUBCONTRACT OR PURCHASE ORDER OF OVER \$10,000, SO THAT THE PROVISIONS WILL BE BINDING UPON EACH SUSUCCESSFUL OFFEROR OR VENDOR.

FOR THE PURPOSE OF THIS SECTION, "DRUG-FREE WORKPLACE" MEANS A SITE FOR THE PERFORMANCE OR WORK DONE IN CONNECTION WITH A SPECIFIC CONTRACT AWARDED TO A SUCCESSFUL OFFEROR IN ACCORDANCE WITH FEDERAL LAW, THE EMPLOYEES OF WHOM ARE PROHIBITED FROM ENGAGING IN THE UNLAWFUL MANUFACTURE, SALE, DISTRIBUTION, DISPENSATION, POSSESSION OR USE OF ANY CONTROLLED SUBSTANCE OR MARIJUANA DURING THE PERFORMANCE OF THE CONTRACT.

EMPLOYMENT DISCRIMINATION BY THE SUCCESSFUL OFFEROR SHALL BE PROHIBITED:

1. DURING THE PERFORMANCE OF THIS CONTRACT, THE SUCCESSFUL OFFEROR AGREES AS FOLLOWS:
 - a. THE OFFEROR, SHALL NOT DISCRIMINATE AGAINST ANY EMPLOYEE OR APPLICANT FOR EMPLOYMENT BECAUSE OF RACE, RELIGION, COLOR, SEX, NATIONAL ORIGIN, AGE, DISABILITY, OR ANY OTHER BASIS PROHIBITED BY STATE LAW RELATING TO DISCRIMINATION IN EMPLOYMENT, EXCEPT WHERE THERE IS A BONA FIDE OCCUPATIONAL QUALIFICATION REASONABLY NECESSARY TO THE NORMAL OPERATION OF THE SUCCESSFUL OFFEROR. THE SUCCESSFUL OFFEROR AGREES TO POST IN CONSPICUOUS PLACES, AVAILABLE TO EMPLOYEES AND APPLICANTS FOR EMPLOYMENT, NOTICES SETTING FORTH THE PROVISIONS OF THIS NONDISCRIMINATION CLAUSE.
 - b. THE SUCCESSFUL OFFEROR, IN ALL SOLICITATIONS OR ADVERTISEMENTS FOR EMPLOYEES PLACED BY OR ON BEHALF OF THE SUCCESSFUL OFFEROR, SHALL STATE THAT SUCH SUCCESSFUL OFFEROR IS AN EQUAL OPPORTUNITY EMPLOYER.
 - c. NOTICES, ADVERTISEMENTS, AND SOLICITATIONS PLACED IN ACCORDANCE WITH FEDERAL LAW, RULE OR REGULATION SHALL BE DEEMED SUFFICIENT FOR THE PURPOSE OF MEETING THE REQUIREMENTS OF THIS SECTION.
2. THE SUCCESSFUL OFFEROR WILL INCLUDE THE PROVISIONS OF THE FOREGOING PARAGRAPHS A, B, AND C IN EVERY SUBCONTRACT OR PURCHASE ORDER OF OVER \$10,000, SO THAT THE PROVISIONS WILL BE BINDING UPON EACH SUBCONTRACTOR OR VENDOR.

Name and Address of OFFEROR: _____

Date: _____ Authorized Signature _____

Printed Name: _____ Title: _____

Phone Number: _____ Fax Number: _____

Email Address: _____

Federal Tax Identification Number/Social Security Number: _____

Is Offeror a "minority" business? Yes No If yes, please indicate the "minority" classification below:

African American Hispanic American American Indian Eskimo Asian American Aleut Other Please Explain:

Is Offeror Woman Owned? Yes No

Is Offeror a Small Business? Yes No

Is Offeror a Faith-Based Organization? Yes No

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I. PURPOSE

The purpose of this RFP is to solicit sealed proposals from qualified managed care organizations to provide a health insurance program for NHREC's active, COBRA and pre-65 retired employees, effective October 1, 2010. This three (3)-year contract should provide, at a minimum, the same health, prescription drug, dental, and vision coverage to which it is accustomed, under, no less than, the same terms and conditions as its current Health, Pharmacy, Dental, and Vision programs. However, if potential offerors cannot duplicate the coverages identical to those currently in force within NHREC, offerors should continue to submit its proposal and include all deviations in **Attachment D** to this RFP. All potential offerors are encouraged to submit a proposal. Proposals are due from interested vendors prior to 2:00 p.m. on February 1, 2010.

NHREC has authorized NNPS as its Purchasing Agent for this RFP. Although services will be provided directly to NHREC, NNPS will conduct and manage the procurement process and make the award(s) for this RFP.

II. BACKGROUND

NHREC's Regional Education Centers opened its doors as Virginia Peninsula Vocational Technical Center in 1965. It is owned and operated by the six Peninsula School Divisions (Gloucester, Hampton, Newport News, Poquoson, Williamsburg/JCC, and York). It is the largest of the nine regional centers in the state of Virginia in both size and scope of service.

The Centers include:

- Career and Technical Education Center
- Center for Apprenticeship and Adult Training
- Governor's School for Science and Technology
- Center for Autism
- Newport Academy (Special Education)
- Located on four sites:
 - Butler Farm Campus a 115,000 sq. ft. bldg. on 30 acres
 - Woodside Lane is a 75,000 sq. ft. main bldg. and 50,000 sq. ft. modulars on 20 acres
 - Kiln Creek is a 15,000 sq. ft. integrated wing at Kiln Creek Elementary School
 - York Middle School is a 8,800 sq. ft wing (being constructed) at York Middle School
- Over 300 employees (full and part-time)
- Total budget exceeds \$12,000,000
- Serves approximately 1,500 public school students and another 1,200 adults per year

For the health and protection of NHREC employees, retirees (under the age of 65) all eligible dependents, and COBRA continuants, NHREC currently acquires medical, dental and vision insurance programs that are managed by

NHREC and administered by NHREC -contracted providers. NHREC's Medical and Prescription Drug coverage is currently underwritten by Sentara Optima Health through a fully insured agreement. Under this program, employees are offered three (3) plan options, Preferred Provider Option (PPO), and two Health Maintenance Organization (HMO). The Dental Coverage is fully insured with United Concordia. NHREC began offering a voluntary Vision plan, effective October 1, 2009, which is underwritten by Avesis.

Currently, eligible Pre-65 Retirees may continue on the active medical and dental plans. There is no cost differential between active and Pre-65 rates.

NHREC has retained Wells Fargo Insurance Services to assist with the review of all proposals. No commissions are to be paid to Wells Fargo or any other party. Your proposal must confirm that no commission will be paid in relation to this contract.

III. SCOPE OF WORK

General Requirements / Scope of Services

The scope of services, as specified below, outlines the services expected to be provided in association with the specific Medical/Pharmacy, Dental, and Vision Programs specifications under this contract. The scope of services is not intended to be limiting to Contractor. Contractors are encouraged to provide additional services that will enhance their ability to meet the needs of NHREC. However, Contractor is requested, if applicable, to make the following services available to NHREC. Offerors are permitted to provide deviations to these services in the Exceptions section of the proposals, as described later in the solicitation:

1. General Scope

- a. Contractor will provide or make available high quality and appropriate health care and pharmacy services, dental care, and vision care insurance to all eligible NHREC employees, as defined in this contract.
- b. Contractor will outline utilization management activities to be employed on behalf of NHREC members and present these activities to NHREC, annually. Activities should demonstrate improved quality, outcomes, and reduced financial risk, which exceed any administrative costs or burdens placed on members or providers.
- c. Contractor will promote and support appropriate wellness and member education initiatives for NHREC membership. Contractor should provide an action plan for working with NHREC to identify programs, implement action plans, and assist in measuring results.
- d. Under this contract, no member (employee, COBRA continuant, retiree, or dependent) currently covered by NHREC existing health care plans shall suffer a loss of health benefit coverage as a result of changing carriers, insurers, or administrators.
- e. Members shall receive credit under the new health program for time served under the current health care program toward any pre-existing condition limitations, if applicable.
- f. "Actively at work" requirements will not apply to members under this contract.
- g. Deductible and out-of-pocket expenses applied towards the current health care program and dental program are to be applied to the deductible and out-of-pocket expenses of the new health care program contract if applicable.
- h. Contractor's health care program must provide coordination of benefit provisions. When NHREC's health care program is secondary, coordination of benefits shall be provided to the extent that the coordination of primary and secondary coverage does not exceed the value of covered charges that the

NHREC would have provided if it were the primary plan. The “birthday rule” shall be used to determine primary status.

- i. The Contractor must provide cost containment services to NHREC. Cost containment services may include but should not be limited to: precertification of hospital admissions, utilization review services, large case management for hospital inpatient services, and review of high cost outpatient services. Offeror must also be able to provide cost containment services for psychiatric, substance abuse, and prescription drug utilization.
- j. Contractor (s) will provide NHREC with a contract for stated services and/or insurance for an initial period of three years effective October 1, 2010 through September 30, 2013.
- k. NHREC reserve the right to renew the contract for two additional one-year terms, upon mutual agreement with the Contractor.
- l. Benefit specifications and service / performance guarantees must be guaranteed for the entire length of the contract period, subject to mandated legislative action.
- m. Fixed costs should include guaranteed maximum increases for each 12-month period for the initial three-year contract term.
- n. Renewal methodology guarantees for insurance premiums should be provided for each 12-month period for the initial three-year contract term.
- o. Contractor (s) shall be licensed to do business in the Commonwealth of Virginia.
- p. The Contractor must agree that at termination or expiration of the contract all data and records necessary to administer the health care program shall be transferred to the new contractor within thirty (30) days after the NHREC’s request. Such transfer may be accomplished electronically, by disk, or by paper, based upon mutual agreement between the outgoing contractor and the NHREC. This data may include calendar year deductible and annual out-of-pocket limit credits applicable for each member of services incurred prior to the termination date.
- q. Contractor must agree not to cancel the NHREC contract for any reason, except for non-payment after the agreed upon payment date has passed.

2. Eligibility Requirements are as follows:

- a. Full Time Staff or faculty member or working at least 60% of the scheduled work hours.
- b. Part Time faculty or staff who work at least 1,000 hours per calendar year and faculty who work a minimum of one-half of the standard workload in his or her school .
- c. The Legal spouse of the enrollee
- d. The dependent age limitation for all programs is as follows:
 - i. Eligible dependents will be covered through the end of the month in which the dependent turns age 19, unless the dependent is a full time student. Same for medical and dental coverage.
 - ii. Coverage for dependents who are full time students will be covered through the end of the month in which the dependent turns age 24, for medical. For dental, the dependent is covered through the end of the month in which the dependent turns age 25.
 - iii. Dependents who are unable to earn a living due to a mental or physical handicap will be covered as long as they continue to be handicapped and dependent on the subscriber and the mental or physical handicap began prior to the child reaching the age limit for coverage. The child may remain covered beyond the age limit, if the employee provides proof of handicap and dependence of the child within thirty-one (31) days after he or she reaches the coverage age limit.

- e. Contractor will fully administer the full time student requirement and provide NHREC with an annual notification report of all dependents losing eligibility due to age or failure to provide verification of full time student status for the purpose of processing payroll contribution changes.
 - f. No pre-existing condition limitations shall apply to the HMO OR PPO programs.
 - g. Eligible Pre-65 retirees will be covered as active employees.
3. Utilization Management and Wellness
- a. Provide Utilization Management (UM) functions as part of the NHREC medical and pharmaceutical benefits program. The UM functions offered by Contractor should be able to demonstrate improved quality and outcomes in health care services to NHREC participants and reduced financial risk for NHREC that exceeds any administrative costs or burdens that may otherwise have been place upon program members or providers.
 - b. Promote and support member wellness and health education initiatives for NHREC program participants. As a part of the Contractor's wellness and health education programming, Contractor must work with NHREC to identify types of programs, develop and implement action plans for launching programs, and assisting NHREC to measure program results. Financial contributions towards wellness programs (flu shots, Health Risk Assessments, cessation programs will be favorably reviews)
4. Access to Stable Provider Networks
- a. Contractor must provide access to a wide range of providers and services in the Hampton Roads, Virginia medical community, with minimum to no disruption in member utilization patterns.
 - b. Contractor will also provide NHREC members access to provider and pharmacy networks outside the Hampton Roads region for members who live outside the area, travel out of the area, or require special services best served by Centers of Excellence outside of this region.
 - c. Contractor must provide access to a wide range of retail pharmacies, as well as access to mail order prescription drug services.
 - d. Contractor should be engaged in cost effective reimbursement arrangements with its participating network providers.
5. Data Management
- a. Contractor must provide and maintain superior data management capabilities which can support NHREC health and wellness objectives and other partnership initiatives with the contractor. Superior data management capabilities include:
 - i. The ability to assess the impact of health care management activities, wellness and preventive screenings, provider behavior, network reimbursements and utilization management activities.
 - ii. The ability to identify major cost drivers which are conducive to health management activities.
 - iii. The ability to provide the electronic submission of reporting to NHREC with report writing capabilities.
 - b. Contractor will provide timely, accurate data and utilization reports to NHREC on an aggregate and member specific basis. Reports are likely to include (but will not be limited to):
 - i. Monthly enrollment by plan, by coverage tier (including monthly enrollment change report summarizing additions and deletions of enrollees).
 - ii. Quarterly and cumulative year-to-date utilization management and savings reports specific to the benefits paid and services rendered to covered members separately and collectively for all sub-groups or accounts maintained on behalf of NHREC.
 - iii. Quarterly large claimant reports by member, by plan, by sub-group indicating net paid claims for hospital, medical, pharmacy services, and including diagnosis, prognosis, and case management activities.

- iv. Annual list of top utilized hospitals, providers, and prescription drugs.
- v. Annual review of major cost drivers by diagnosis.
- vi. Annual utilization management reports which include current and prior year NHREC data analysis and normative benchmarks.

6. Account Management, Claims Administration, and Member Services

- a. Contractor must be SAS 70 certified.
- b. Contractor will provide clear communication of Contractor's claims appeal process to each enrolled NHREC member.
- c. Contractor must provide a single point of contact to be responsible for management of the NHREC contract and ensuring clear lines of communication between Contractor and NHREC;
- d. Contractor must provide NHREC with full and appropriate access to the Contractor's Network Contracting Officer, Medical Director, Pharmacy Benefit Manager, Nurse Case Manager, Member Service Manager, Underwriting Manager, Actuary, and Legal Counsel or those individual's within the Contractor's organization responsible for these areas of competence.
- e. Contractor must provide an organizational chart and list of contacts to NHREC (to include phone numbers, department names, and titles) and ensure NHREC promptly receives any updates and changes to this information, as they occur.
- f. Contractor will provide an administrative procedures manual to be used to administer the NHREC Healthcare program, including necessary forms and instructions.
- g. Provide superior service guarantees placing a portion of your premiums at risk. Measurements should be clearly stated and specific to services performed for NHREC. Performance should be measured on a quarterly basis and should include evaluation of claims administration services, member services, member satisfaction, network stability, satisfaction of benefit administrators with account management services. Contractor performance will be measured on a quarterly basis and evaluated by the contractor in the following areas, at a minimum:
 - i. Claims administration services;
 - ii. Member services;
 - iii. Member satisfaction;
 - iv. Network stability;
 - v. Satisfaction of benefit administrators with account management services.
- h. Contractor will provide advance notification (notification to NHREC at least one week prior to notification to Plan participants) of material changes in network providers, contractor agreements with other entities or individuals, legislative benefit changes, contractor administrative and systems changes, technological advances, changes or introduction of new e-commerce material, and organizational changes.
- i. Contractor is required to meet quarterly with NHREC' Insurance Committee to review utilization, service, and performance levels and discuss special issues and concerns with the program.
- j. Provide high quality, efficient program administration and services, including but not limited to:
 - i. Providing service units for claim processing, member services, and billing and eligibility.
 - ii. Providing dedicated toll-free member service line accessing NHREC's member service team.
 - iii. Providing state-of-the-art data tracking, customer service, and claims payment services.

- iv. Maintaining central claims and membership files (including Social Security numbers or other identifying numbers, dates of coverage, type of coverage, etc.) for each covered member.
- v. Maintaining accurate payment records.
- vi. Having the capability of: electronic payment processing; paying providers directly. Must provide technical assistance in formatting file layout and in other technical areas as required.
- vii. Distributing ID cards within 7 business days of receipt of request directly to members throughout the contract year
- viii. Supporting electronic transfer or paper transfer of eligibility data, run tests with members prior to effective date to ensure accurate data transmission.
- ix. Providing a clear communication of your claims appeal process to each enrolled member.
- x. Provide proof of creditable coverage certificates as required under HIPAA.

7. Implementation and Communications Support

- a. Provide a dedicated implementation team to work with NHREC' implementation team to establish an implementation schedule and action plan for administering the services under this contract, including the distribution of open enrollment information to members. Contractor will meet with the NHREC implementation team within fifteen (15) days after the contract award date. Issues to be addressed will include, but may not be limited to:
 - i. NHREC account structure;
 - ii. Communication requirements to furnish each employee:
 - 1. Open enrollment packets to include open enrollment information, a benefit booklet outlining and defining all covered services, limitations and exclusions, procedures for receiving services, schedule of benefits, COBRA, HIPAA and other plan information requirements, enrollment applications and all other required information for all lines of coverage. The initial booklet proof must be provided to NHREC on a timely basis but no later than May 1st of each year. NHREC will review and approve the booklets prior to distribution.
 - 2. Fulfillment services for open enrollment packets that will include open enrollment information, applications, enrollment pieces from other vendors, and any other information required for each line of coverage.
 - 3. Distribution Plan and enrollment materials to locations designated by NHREC.
 - 4. Provide an Information Technology (IT) coordinator for electronic data requirements and testing.
 - 5. Guaranteed delivery of identification (ID) cards to members prior to effective date.
 - 6. On-site enrollment meetings at locations designated by NHREC during the term of the contract.
 - 7. Training for the NHREC open enrollment team to ensure consistent communication in all meetings.
 - iii. A dedicated "transition of care" manager to assist in transitioning members with special needs to new programs for both health care and pharmacy services.
 - iv. The proof of the initial Benefits Booklet must be submitted to NHREC in a timely manner, but no later than by September 1, 2010. NHREC must review and approve booklets prior to the distribution to NHREC personnel.

- v. Access to appropriate and “up to date” provider directories (hard copy and online), Summary Plan Document (SPD) drafts, member education materials that address specific health issues, and web support to enhance member access to information and services online.

8. Transition of Services

- a. Upon termination or expiration of this contract, the contractor shall transfer all NHREC data and records necessary to administer the health care programs, specified by this contract, to the new contractor within thirty (30) days of receiving the request from NHREC. Such transfer must be accomplished by electronic medium and either by tape or paper, as agreed upon by NHREC and Contractor. This data must include calendar year deductibles and annual out-of-pocket limit credits applicable for each member of services that are incurred prior to the termination or expiration date.

Pricing Specifications

Funding Arrangements

This RFP requests the offeror to provide NHREC a duplication of the current funding arrangements for each line of coverage currently used by NHREC with its current contractors. These funding arrangements are listed below:

Group Health and Prescription Drug Benefit Program

The NHREC is currently fully insured for Medical and Prescription Drug Benefits.

Dental and Vision Coverage

NHREC is currently fully insured for dental and vision coverage.

Cost Components Required in Pricing Proposal

Offerors are requested to provide pricing for the health benefits and funding methods of all coverages identical to the in force benefit plans and the plan options that are presented in this RFP.

Offerors must agree to disclose all applicable cost components as requested in the financial exhibits to this RFP.

The Offeror’s Pricing Proposal must be in the format illustrated in **Attachment F, Price Proposal Exhibits** and must disclose all applicable cost components requested in the financial exhibits of this solicitation. The offeror’s Pricing Proposal should utilize the information provided by NHREC in the solicitation for preparation of its proposal, including the following:

The NHREC enrollment assumptions for the medical/pharmacy, dental and vision plans to be used for all price proposals are provided in **Attachment F**. The NHREC total enrollment figures (as provided in attachments to the solicitation) should be used for all pricing alternatives.

The Rate Relativity Ratios are provided in the table below and should be used to develop the NHREC rate structure under this contract.

Rate Tier	Tier Relationship
Employee Only	1.00
Employee + Child	1.55
Employee + Spouse	2.14
Family	3.01

Offerors are requested to provide Renewal Methodology Guarantees, as described in **Attachment H**. Offerors shall provide a detailed renewal underwriting analysis each March 1st (or earlier if requested by NHREC) for the upcoming October 1 renewal.

Currently, NHREC contributions toward its medical/pharmacy, and dental, coverages are determined each year for active and retired participants. In the past, contributions for medical/pharmacy have been based on the lowest cost plan, generally the low HMO plan, at 100% of the employee rate and approximately 90% of the dependents.

Currently NHREC contributes 100% of the employee only coverage towards dental coverage. The vision coverage will be 100% voluntary.

Offerors are requested to provide financial guarantees for all non-claim expenses for the initial three-year contract term. These financial guarantees should include stated increases (if applicable) to non-claim expenses, such as, but not exclusive to, administrative charges, profit margins, and network access fees.

The Price Quotations for the health care program should be based upon the employee census and experience data provided with the RFP.

All cost/price proposals must be submitted net of any commissions. Offerors are required to provide, not only the proposed monthly premiums for all coverages, but also provide a breakdown of projected claims, margin, and administrative expense on a per employee, per month basis for each plan proposed (see **Attachment F, Price Proposal Exhibits**). An Annual Cost Summary should be submitted by the offeror for the total estimated costs and maximum costs of each plan proposed. Offeror is also required to provide the renewal methodology that will be used for the initial 3-year term of the contract.

All plan rates must be guaranteed for, at least, a twelve (12) month period. Multi-year rate guarantees are requested to also be provided by the offeror and will be an important consideration in the evaluation process. All rate guarantees must be explained in offeror's Pricing Proposal.

All rates and / or fees must be guaranteed for at least one year. Multi-year rate guarantees are an important component to the decision-making process in this preliminary phase and are preferable.

IV. SPECIAL INSTRUCTIONS TO THE OFFEROR

A. Definitions:

Issuing Office:

Wherever used in this Request for Proposal, Issuing Office will be:

Angela Bright, CPPB

Newport News Public Schools Purchasing Department

12465 Warwick Boulevard

Newport News, VA 23606-3041

Phone: (757) 597-2820

Fax: (757) 591-4634

Email: angela.bright@nn.k12.va.us

NHREC Contract Administrator:

Wherever used in this Request for Proposal and for purposes of any notices under this contract, the NHREC Contract Administrator will be:

Dr. Dedra R. Jordan– Human Resource Director
520 Butler Farm Road
Hampton, VA 23666
Phone: (757) 766-1100 x309
Fax: (757) 865-8329
Email: dedra.jordan@nhrec.org

B. Contact with NHREC Staff, Representatives, and/or Agents:

Direct contact with NHREC staff, representatives, and/or agents other than the NNPS Purchasing Department staff on the subject of this RFP or any subject related to this RFP **is expressly prohibited** except with the prior knowledge and permission of the Purchasing Agent.

C. Pre-Proposal Conference:

A Pre-Proposal conference will be held at NHREC at 520 Butler Farm Road in Hampton, Virginia on **January 7, 2010 at 10:00 A.M.** to answer any questions regarding this RFP. Any changes determined necessary as a result of this conference or any other source that may affect the responses to the Proposal will be formally addressed by the Issuing Office via addenda. Attending this conference is not mandatory, but is advisable.

D. Offerors of Record:

Offerors receiving a copy of this RFP from a source other than the Issuing Office via www.DemandStar.com must contact the Issuing Office and provide Offeror's name, address, contact person, telephone and fax number, and the RFP Item Number. Offeror will be added to the DemandStar Planholders' list and will receive notification of any addenda to the RFP.

E. Questions:

Offerors must submit questions regarding the Request For Proposal in writing to the Issuing Office at angela.bright@nn.k12.va.us or (757) 597-2820 no later than **January 20, 2010**. Necessary replies will be issued to all Offerors of record as addenda that shall become part of the contract documents. Oral instructions do not form a part of the Proposal documents.

Offeror is responsible for checking the www.DemandStar.com web site or contacting the Issuing Office within forty-eight (48) hours prior to Proposal closing to secure any addenda issued for this RFP.

F. Changes or Modifications:

Changes or modifications to this Request for Proposals made prior to the date and time of closing will be addressed by addenda from the Issuing Office. Offerors are to acknowledge receipt of addenda in the space provided on the cover page of this Request for Proposal. Oral communications are not a part of the Proposal documents. This RFP and any addenda shall be incorporated, by reference, into any resulting contract.

G. RFP Closing:

Offeror shall ensure its Proposal is time stamped by the Issuing Office no later than the Closing Date and Time shown on the cover page of this Information for Proposal. Proposals received after the specified date and time (time stamped 2:01 P.M. or later) will not be considered and will be returned to the Offeror unopened.

H. Proposal Submittal Requirements:

- a. Each Proposal submission shall be submitted to the Issuing Office and shall include the following documents:

Proposal Checklist	
The cover page of this Request for Proposal	
Table of Contents for your proposal response	
Executive Summary	
A detailed outline of the offeror's ability to meet the Scope of Services as outlined.	
A detailed outline and description of each plan offered, including a list of all limitations and exclusions. Deviations from the current health care program must be outlined in detail (Attachment D).	
A narrative summary of all deviations from the RFP specifications	
Price Proposal Exhibits for each funding arrangement requested. The detailed explanation and description of price quotation deviations should be submitted on the Deviations Exhibit (Attachment F).	
Renewal Methodology Worksheet (Attachment H)	
The completed Quality of Services Supplement (Attachment E)	
The completed Provider Checklist (Attachment G)	
The completed Prescription Drug Checklist (Attachment G)	
The completed Performance Guarantees Exhibit (Attachment I)	
Original signature of an agent authorized to bind the company	
Requested contact information	
Company FEI/TIN number	
Acknowledgment of any addenda on page one (1)	
Completed and signed anticollusion/nondiscrimination clauses on page 2;	
Copies of all documents requested in this RFP as well as samples of claim forms, additional reports, booklets, communication materials, etc. that may assist in the evaluation of the proposal.	

2. Offerors are encouraged to submit their Proposals on recycled paper and to use double-sided copying.
3. Proposals must be submitted utilizing the following requirements:
 - a. Offerors shall submit proposals in a sealed envelope or package, and clearly label the shipping/ mailing packaging as well as the outside of your envelope or package with the Request for Proposal's description, RFP number, date and time of the RFP closing, and the Offeror's name and address. Proposals must be submitted on 8-1/2" x 11" paper and on compact disk (CD) or diskette, which should also be labeled with the offeror's name and the RFP number. **Proposals received by telephone, telegraph, facsimile, or any other means of electronic transfer shall not be accepted.**
 - b. Submit the original and six (6) copies of the proposal.
 - c. All proposals must be received and time stamped in the Issuing Office no later than the Closing Date and Time shown on the cover page of this Request for Proposal. Any proposal received after the specified date and time (2:01 PM EST or later) will not be considered and will be returned to the Offeror unopened.
 - d. Proposals must include all elements noted in the "Preparation of Proposals" section below.
 - e. Include a statement setting forth the basis for protection of proprietary information, if any, as detailed in the "Proprietary Information/Disclosure" section.
 - f. Proposals are to be organized in the following tabs:

Tab I	Executive Summary
Tab II	Detailed outline of the offeror's ability and commitment to meet the Scope of Services in the RFP. Narrative Summary of Deviations from the Scope of Services outlined in the RFP, §III – General Specifications / Scope of Services.
Tab III	Description of Plan Designs Proposed (requested plans in the RFP, §III – General Specifications / Scope of Services); List all deviations from proposed plans (Attachment D). Include a list of limitations and exclusions.
Tab IV	Price Proposals (Attachment F - including deviation exhibit). Specifications for completion of all price proposals are outlined in §III – General Specifications / Scope of Services.
Tab V	Responses to Quality of Services Supplement (Attachment E)
Tab VI	Provider Checklists (Attachment G); Prescription Drug Checklist
Tab VII	Annual reports and financial statements
Tab VIII	Sample management reports
Tab IX	Sample documents and communication materials
Tab X	Sample contracts for each funding arrangement proposed
Tab XI	Proprietary Information
Tab XII	Performance Guarantees (Attachment I)

I. Evaluation of Proposals:

1. After the RFP closes, NNPS will select for further consideration two or more Offerors deemed to be fully qualified and best suited among those submitting proposals based on Offerors' responses to the information requested in this RFP.
2. The following criteria will be used in the evaluation process:
 - a. **Quality and appropriateness** of the plan of benefits, adequacy and stability of proposed network(s), current network match (level of member disruption), ability to deliver high quality service to members, NHREC and School's plan administrators.
 - b. Overall **qualifications** including accuracy, timeliness and system enrollment processes, experience, reporting capabilities, and financial stability of the firm.
 - c. **Cost** and future cost guarantees, financial arrangements, network savings guarantees and cost containment services, financial allowance for wellness programs and screenings, utilization management programs and willingness to accept risk through performance guarantees.
 - d. **Demonstrated understanding** of the services required by NHREC and commitment to meet Minimum Service and Performance Standards.
 - e. **References.**
3. Exceptions/Alternatives will also be considered.
4. Offeror's are encouraged to submit recommendations and innovative ideas that will improve the quality of the health and prescription drug programs, improve the overall health of the membership, and reduce the cost of the health care programs offered to NHREC. Offeror must demonstrate cost effective reimbursement arrangements with participating providers and explain successful reimbursement and risk sharing methodologies currently in force. Offeror must also discuss reimbursement and risk sharing methodologies, as part of its proposal to this RFP.
5. Based on the initial evaluation, NNPS may request the selected Offerors to make oral presentations. Thereafter, NNPS will conduct negotiations with each of the selected short-listed Offerors. Individuals representing the Offeror during negotiations shall have the authority to negotiate and contractually bind the company to a contract.

6. After negotiations are completed, NNPS will select the Offeror who, in NNPS's opinion, has made the best proposal and shall award the contract to that Offeror (referred to in this RFP as the Successful Offeror). Should NNPS determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror.
7. NNPS is not required to furnish a statement of the reason(s) why a proposal was not deemed to be the most advantageous.

J. Presentation/Demonstration:

If in NNPS's opinion, vendor presentations or demonstrations of the Offeror's proposed system's features and capabilities are warranted, NNPS will notify the appropriate vendors. Such presentation or demonstration will be at an NHREC site at a date and time mutually agreed to between NNPS and Offeror and will be at the Offeror's expense.

K. Preparation of Proposals:

In presenting their proposals, Offerors are encouraged to be thorough in addressing the *Specific Requirements*, the *Preparation Guidelines*, and the *Proposal Submittal Requirements* as outlined in this RFP.

Offerors' written proposals should present the offeror's qualifications and understanding of the work to be performed. Offerors are asked to address each evaluation criteria and to be specific in presenting their qualifications. Proposals should be as thorough and detailed as possible so that NNPS may properly evaluate your capabilities to provide the required services. Offerors should be completely responsive to this RFP, be able to conform to the terms and conditions provided, herein, and provide responses to the evaluation criteria outlined, below. Offeror should not incorporate its standard contract document into its proposal, by reference or in full text, without listing each exception it represents to the terms and conditions of this RFP, as described in the Exceptions/Alternatives section of this paragraph.

Offerors are requested to provide proposals for the three (3) current health plans, current dental plan and current vision plan outlined in **Attachment A.

A sample contract/agreement should be included in Tab X for each plan/funding option quoted. Deviations Exhibit. With its proposal, the offeror shall submit a Deviations Exhibit, as illustrated in **Attachment D**, to document any assumptions, special criteria or requirements, or variances from the required Plans or funding arrangements. A separate Deviations Exhibit must be submitted with each pricing structure proposed and be included in the Exceptions/Alternatives section of offeror's proposal. If the information is the same for all quotations, only one (1) Deviations Exhibit is necessary; however it the proposal must specify that the Deviations Exhibit applies to all Price Proposals provided.

Copy of Customary Agreement. Additionally, a sample copy of offeror's customary contract/agreement should be provided for each Plan / Funding Option proposed.

Performance Guarantees. Each offeror must complete the Performance Guarantee Exhibit (**Attachment I**) and include in Tab XII.

Scope of Services. This Scope of Services in the solicitation outlines the requested services, health, dental and vision plan specifications NHREC requires as part of the resulting contract. Each offeror is requested to restate the Scope of Services, as outlined in ¶ B. **Description of Services / Scope of Work** above, and respond in writing, how the services will be met by the offeror and include in Tab II. As this RFP may result in multiple contracts, offerors may respond in all or in part to the Scope of Services. However, at the beginning of offeror's proposal, offeror must clearly state which Plans and / or services are not being proposed, along with a narrative that describes, in detail the reason services and / or Plans are not included in offeror's proposal. The Scope of Services is not intended to limit offerors or their proposals. Offerors are encouraged to provide additional services that may enhance their ability to meet NHREC's requirements under the contract

Qualifications

1. Provide a concise description of all work experiences as they relate to the scope of work outlined herein. Said description should include, but not be limited to:
 - a) Offeror’s established experience record in providing comparable services to organizations similar to NHREC.
 - b) Number and types of customers the Offeror has served with comparable services.
 - c) Number of years Offeror has been providing these types of services.
 - d) Number of years experience in providing group health insurance benefits to organizations, especially for school systems.
 - e) A minimum of five (5) references (3 active; 2 terminated) for which Offeror has completed services comparable to those described in this RFP. Include references for work performed in an environment comparable to NHREC’s. For each reference, detail:
 - i. Name of firm;
 - ii. Address of firm;
 - iii. Name, title, address, e-mail address, and phone and fax number of a contact for the firm;
 - iv. Number of years Offeror has served the firm; and
 - v. Brief summary of scope of services provided.

A statement detailing why the Offeror is the best candidate to provide the NHREC with the services requested in this RFP.

Capabilities and Skills

1. Background information about the organization, such as its philosophy, ownership, size, facilities and locations.
2. Illustration of Offeror’s organizational structure -- e.g. organization chart of the firm, project teams, etc.
3. The size and location of the office that will service NHREC.
4. The type of organization the Offeror represents (i.e. individual, partnership or corporation). If the Offeror is a corporation, list the names of the President, Vice-President, Secretary, Treasurer and all principals. If the Offeror is a partnership, include the names of all principals or partners.
5. Qualifications of the company and the administrators who will be assigned to manage NHREC’ Health Care Plans. Include the name, address, telephone numbers, email addresses, and any other means of communication for the individual(s) who will be responsible for servicing NHREC under this contract;
6. Provide the average number of years of experience for the NHREC dedicated service team, to include a resume for the Account Executive:
 - a. Account Executive
 - b. Customer service staff and
 - c. Clinical support staff. Please provide a resume for the account executive. Are you proposing a dedicated service team?
7. Contract Points of Contact – Provide the name, title, address, e-mail address, phone and fax numbers, and work hours of the Offeror’s Contract points of contact for the following functions:
8. Ability to execute prompt contract administration upon award of the contract;
9. Authorized to provide binding information to NHREC Issuing Office during the period of evaluation;
10. Authorized to accept any notices provided for in this contract.
11. Identify all partners (including consultants, advisors, Pharmacy companies, and other suppliers) to be used and describe specific responsibilities, qualifications, and background experience of all key personnel. Including financial ratings for each major partner.
12. Include a copy of the three (3) most recent annual reports and financial statements for each quarter since the last annual report to date. (Include in TAB VII.) Please provide your most recent ratings (include the date of the rating) by each of the following:

Company	Rating	Date of Rating	Legal Name of Company to Which Rating Applies
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Weiss			
Fitch (Duff & Phelps)			
Standard & Poors			
Moody's			
A.M. Best			

Quality and Appropriateness/Demonstrated Understanding of Services

Services to be Provided - Provide a detailed description of the services to be provided under this contract. Said description is to address, at a minimum:

An introduction - An overview of Offeror's understanding of the scope of work and services to be provided. Best practice approaches to providing services to the NHREC that enhance efficiency and effectiveness. Innovative solutions will be considered by the NHREC.

EACH of the *Specific Requirements* set forth under the *Scope of Work* specified in this RFP.

A detail of any assistance, equipment, or other items the Offeror will require the NHREC to furnish under this contract.

Describe the one attribute that places the Offeror ahead of the competition.

Additionally, offeror must provide a detailed response to each of the questions provided in **Attachment E, Quality of Services Supplement**, complete all attachments provided with the RFP for inclusion in offeror's proposal.

It is the offeror's responsibility to ensure that each of the following elements is addressed in its response to this section of its proposal:

1. Quality and appropriateness of the plan of benefits;
2. Adequacy and stability of proposed network(s);
3. Current network matches (level of member disruption); and
4. Ability to deliver high quality service to members, and utilization management programs.

Cost Measures and Pricing Proposal

In addition to the cost information that may be requested in the **Quality of Services to Be Provided Supplement**, offerors must provide the following in the **Cost Measures and Pricing Proposal** section of its proposal:

1. All rates must be guaranteed for a twelve month (12) period and expressed as ten (10) month rates. Rates will be billed from October through July of each policy year. Multi-year rate guarantees are requested and will be an important consideration in the evaluation process. All guarantees should be explained in your price proposal/quote.

Exceptions/Alternatives

Exceptions – Offerors will include the Deviations Exhibits in this section of its proposal, as well as the details of any exceptions taken to the Terms and Conditions section of the RFP. For each exception to the terms and conditions of the RFP, specify the RFP page number, section number, and the exception taken. Offeror should not incorporate by reference its entire, standard contract document.

The Deviations Exhibits (**Attachments D and to be included along with Attachments F & I**) must be submitted to document any assumptions, special criteria or requirements, variances from the requested plans and funding, etc. Please submit a separate Deviations Exhibit with each Price Quotation, if necessary. If the information is the same for all quotations, please provide one Deviations Exhibit and specify that it applies to all Price Quotations.

L. Cost of Responding:

This solicitation does not commit NNPS or NHREC to pay any costs incurred by the Offeror or any other party in the preparation and/or submission of proposals or in making necessary studies or designs for the preparation thereof, nor is NHREC obligated to procure or contract for such services.

V. GENERAL TERMS AND CONDITIONS

A. Contract Document:

This RFP, its addenda, Successful Offeror's proposal, any additional information requested, and negotiated changes and will constitute the final contract hereafter referred to as this "contract". These documents will be incorporated by reference into the NHREC purchase order awarding this contract. This contract shall be governed by the contract documents in the following order of precedence:

This RFP document;

Any negotiated changes to the foregoing documents; and

Offeror's proposal

B. Proposal Binding For One-hundred Twenty (120) Days:

Offeror agrees that its Proposal shall be binding and may not be withdrawn for a period of one-hundred (120) calendar days after the scheduled closing date of this Request For Proposals.

C. Proprietary Information/Non-Disclosure:

Offeror is advised that the Virginia Public Procurement Act (Section 2.2-4342, Code of Virginia, 1950 as amended) shall govern public inspection of all records submitted by Offeror. Specifically, if Offeror seeks to protect any proprietary data or materials, pursuant to Section 2.2-4342, Offeror shall:

1. Invoke the protections of this section prior to or upon submission of the data or other materials,
2. Provide a statement that identifies the data or other materials to be protected and that states the reasons why protection is necessary.
3. Submit trade secrets or other proprietary information under separate cover in a sealed envelope clearly marked "**PROPRIETARY**".
4. Information submitted that does not meet the above requirements will be considered public information in accordance with State statutes.
5. NHREC reserves the right to submit such information to the NHREC attorney for concurrence of the Offeror's claim that it is in fact proprietary.
6. References to the proprietary information may be made within the body of the Proposal; however, all information contained within the body of the Proposal shall be public information in accordance with State statutes.
7. Trade secrets or proprietary information submitted by an Offeror in conjunction with this RFP is not subject to public disclosure under the Virginia Freedom of Information Act (VFOIA).
8. Information submitted that does not meet the above requirements will be considered public information in accordance with the VFOIA.
9. An all-inclusive statement that the entire Proposal is proprietary is unacceptable. A statement that Offeror's costs and/or Proposal pricing are to be protected is unacceptable. Offeror will be requested to remove any such statement(s) in order to be eligible for further consideration.

D. Contract Modification(s):

After award, any and all modifications to this contract shall be mutually agreed to by both parties, in writing, and authorized by the NHREC Purchasing Agent or his designee via issuance of a change order (purchase order).

E. Offeror Obligation:

Offeror shall carefully examine the contents of this Request for Proposals and any subsequent addenda. Failure to do so shall not relieve the Successful Offeror of its obligation to fulfill the requirements of any contract awarded as a result of this RFP.

F. Conditions of Work:

Offeror shall inform itself fully of the conditions relating to services required herein. Failure to do so will not relieve a Successful Offeror of the obligation to furnish all goods and/or services necessary to carry out the provisions of this contract

G. Prime Contractor:

If in its performance of this contract, Successful Offeror supplies goods or services by or through another party or subcontractor, Successful Offeror agrees that:

1. Successful Offeror shall act as the prime contractor for the goods and services to be provided under contract and shall be the sole point of contact with regard to all obligations under this contract.
2. Successful Offeror represents and warrants that Successful Offeror has made third parties or subcontractors aware of the proposed use and disposition of the other party's products or services, and that such other party has agreed in writing that it has no objection and that NHREC is not liable to such third parties or subcontractors for any work performed under this contract.
3. The use of subcontractors and the work they perform must receive the prior written approval of NHREC. NHREC will designate a Contract Administrator to approve such work.
4. Successful Offeror shall be solely responsible for all work performed and materials provided by subcontractors.
5. Successful Offeror shall be responsible for the liability of subcontractors for the types and limits required of the Successful Offeror under this contract.

H. Subcontractors:

Contractor's use of subcontractors and the work they are to perform must receive written approval from the Contract Administrator at least ten (10) calendar days prior to the work being performed. Contractor shall be solely responsible for all work performed and materials provided by subcontractors. Contractor shall be responsible for the liability of subcontractors for the types and limits required of the Contractor.

I. Non-Assignment:

Successful Offeror shall not assign its rights and duties under this Agreement without the prior written consent of the NHREC Contract Administrator.

J. Antitrust:

Any perceived anti-trust violation will be reported to the State Attorney General for possible enforcement of anti-trust laws.

K. Anticollusion/Nondiscrimination Requirements Form:

The attached "Anticollusion/Nondiscrimination Requirements" form, on page 2 of this RFP, shall be executed by Offeror and is to be submitted with Offeror's Proposal. The requirements set forth on said form shall be considered to be binding terms and conditions in any contract resulting from this RFP. A contract will not be awarded to an Offeror who has not signed the anticollusion/nondiscrimination statement.

L. Hold Harmless/Indemnification:

It is understood and agreed that Successful Offeror hereby assumes the entire responsibility and liability for any and all material damages to persons or property caused by or resulting from or arising out of any act or omission on the part of Successful Offeror, its subcontractors, agents or employees under or in connection with this Contract or the performance or failure to perform any work required by this Contract. Successful Offeror agrees to indemnify and hold harmless NHREC and its agents, volunteers, servants, employees and officials from and against any and all claims, losses, or expenses, including reasonable attorney's fees and litigation expenses suffered by any indemnified party or entity as the result of claims or suits due to, arising out of or in connection with (a) any and all such damages, real or alleged, (b) the violation of any law applicable to this Contract, and (c) the performance of the work by Successful Offeror or those for whom Successful Offeror is legally liable. Upon written demand by NHREC, Successful Offeror shall assume and defend at Successful Offeror's sole expense any and all such suits or defense of claims made against NHREC, its agents, volunteers, servants, employees or officials.

M. Notices:

All notices, requests, demands, and elections under this contract, other than routine operational communications, shall be in writing and shall be deemed to have been duly given on the date when hand-delivered, or on the date of the confirmed facsimile transmission, or on the date received when delivered by courier that has a reliable system for tracking delivery, or six (6) NHREC business days after the date of mailing when mailed by United

States mail, registered or certified mail, return receipt requested, postage prepaid. All notices shall be addressed to the following individuals:

To NHREC: NHREC Contract Administrator as designated in this RFP.

To Successful Offeror: Successful Offeror's Contract Administrator as defined in Successful Offeror's Proposal.

Either party may from time to time change the individual(s) to receive notices and/or its address for notification purposes by giving the other party written notice as provided above.

N. Non-Performance:

1. **Delivery Delays:** NHREC reserves the right to procure goods and/or services to be provided under this contract from other sources in the event Successful Offeror fails to deliver such goods and/or service deliverables in accordance with delivery dates and time frames set forth in this contract.
2. **Unacceptable Deliveries (Rejections):** Upon notification by NHREC that goods and/or service deliverables provided by the Successful Offeror under this contract are damaged and/or not of the quality specified by NHREC, such goods and/or service deliverables will be rejected. Successful Offeror shall replace such rejected goods and/or service deliverables immediately or within a reasonable time as determined by NHREC.
3. Successful Offeror shall remove all rejected materials, equipment or supplies from the premises of NHREC within ten (10) days of notification. Rejected goods and/or service deliverables not removed from NHREC's premises within ten (10) days will be regarded as abandoned, shall become the property of NHREC, and NHREC shall have the right to dispose of such items.
4. NHREC reserves the right to authorize immediate purchase from other sources against rejections.
5. **Liability:** Successful Offeror shall be liable to NHREC for all costs incurred by NHREC as a result of Successful Offeror's failure to perform in accordance with the contract. Successful Offeror's liability shall include, but not be limited to:
 - a. Damages and other delay costs, to include costs to procure goods/services from alternate suppliers.
 - b. Increased costs of performance, such as extended overhead and increased performance costs resulting from performance delays caused by Successful Offeror and/or rejections of Successful Offeror's goods and/or service deliverables.
 - c. Warranty and rework costs, liability to third party, excess costs, attorney's fees and related costs incurred by NHREC due to non-responsive performance of Successful Offeror.

O. Termination Without Cause:

NHREC may at any time, and for any reason, terminate this Contract by written notice to Successful Offeror specifying the termination date, which shall be not less than thirty (30) days from the date such notice is mailed. Notice shall be given to Successful Offeror by certified mail/return receipt requested, addressed to the Successful Offeror's Contract Administrator. In the event of such termination, Successful Offeror shall be paid such amount as shall compensate Successful Offeror for the work satisfactorily completed, and accepted by NHREC, at the time of termination. If the event NHREC terminates this Contract, Successful Offeror shall withdraw its personnel and equipment, cease performance of any further work under this Contract, and turn over to NHREC any work completed or in process for which payment has been made.

P. Termination With Cause/Breach:

In the event that Successful Offeror shall for any reason or through any cause be in default of the terms of this Contract, NHREC may give Successful Offeror written notice of such default by certified mail/return receipt requested, addressed to the Successful Offeror's Contract Administrator. Unless otherwise provided, Successful Offeror shall have ten (10) days from the date such notice is mailed in which to cure the default. Upon failure of the Successful Offeror to cure the default, NHREC may immediately cancel and terminate this Contract as of the mailing date of the default notice. Upon termination, Successful Offeror shall withdraw its personnel and equipment, cease performance of any further work under the Contract, and turn over to NHREC any work in process for which payment has been made. In the event of violations of law, safety or health standards and regulations, this Contract may be immediately cancelled and terminated by NHREC and provisions herein with respect to opportunity to cure default shall not be applicable.

Q. Breach of Contract:

Successful Offeror shall be deemed in breach of this contract if the Successful Offeror:

Fails to comply with any terms of this contract;

Fails to cure such noncompliance within ten (10) calendar days from the date of the NHREC written notice or such other time frame, greater than ten (10) calendar days, specified by the NHREC Contract Administrator in the notice.

Fails to submit a written response to NHREC's notification of noncompliance within ten (10) calendar days after the date of the NHREC notice.

All notices under this contract shall be submitted, either by fax or certified mail, return-receipt requested, to the respective contract administrator. Successful Offeror shall not be in breach of this contract as long as its default was due to causes beyond the reasonable control of and occurred without any fault or negligence on the part of both the Successful Offeror and its subcontractors. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of NHREC in its sovereign capacity, fires, floods, epidemics, strikes, freight embargoes, and unusually severe catastrophic weather such as hurricanes.

R. Applicable Law:

This Contract shall be deemed to be a Virginia contract and shall be governed as to all matters whether of validity, interpretations, obligations, performance or otherwise exclusively by the laws of the Commonwealth of Virginia, and all questions arising with respect thereto shall be determined in accordance with such laws. Regardless of where actually delivered and accepted, this Contract shall be deemed to have been delivered and accepted by the parties in the Commonwealth of Virginia.

S. Compliance With All Laws:

Successful Offeror shall comply with all federal, state and local statutes, ordinances, and regulations now in effect or hereafter adopted, in the performance of this contract. Successful Offeror represents that it possesses all necessary licenses and permits required to conduct its business and/or will acquire any additional licenses and permits necessary for performance of this contract prior to the initiation of work. If the Successful Offeror is a corporation, Successful Offeror further expressly represents that it is a corporation of good standing in the Commonwealth of Virginia and will remain in good standing throughout the term of the contract and any extensions. All City of Newport News business license, personal property, real estate and other applicable tax requirements shall be met by Successful Offeror.

T. Venue:

Venue shall be in the Circuit Court of the City of Newport News, Virginia, and the United States District Court for the Eastern District of Virginia, Norfolk Division, compliant with applicable laws and regulations, as deemed appropriate by NHREC.

U. Severability:

If any provision of this contract is found by any court of competent jurisdiction to be invalid or unenforceable, the invalidity of such provision shall not affect the other provisions of this contract, and all other provisions of this contract shall remain in full force and effect.

V. Non-Appropriation of Funds:

It is understood and agreed between the parties herein that NHREC shall be bound hereunder only to the extent that the funds shall have been appropriated. In the event no funds or insufficient funds are appropriated, NHREC shall immediately notify the Successful Offeror of such occurrence and this Contract shall terminate on the last day funds are available without penalty or expense to NHREC of any kind whatsoever.

W. Tax Exemption:

NHREC is exempt from federal excise tax and from all State and local taxes. Successful Offeror shall not include such taxes in any invoices under this agreement. Upon request, NHREC will furnish the Successful Offeror with tax exemption certificates or the NHREC tax exempt number.

X. Vendor's Invoices:

Successful Offeror shall submit to NHREC all invoices promptly upon completion of the requirements for installation, delivery, and acceptance of the Products and Services required under this contract. Invoices shall not include any costs other than those identified in the executed NHREC purchase order awarding this contract or any subsequent change orders issued by the NHREC Purchasing Division. All shipping costs are the Successful Offeror's responsibility, except to the extent such charges are identified in the executed NHREC purchase order or change orders. Successful Offeror's invoices shall provide at a minimum:

Type and description of the Product or Service installed, delivered and accepted;

Serial numbers, if any;
Quantity delivered;
Charge for each item;
Extended total (unit costs x quantity);
This RFP number and the NHREC Purchase Order Number.

Y. Contractual Disputes:

Any dispute concerning a question of fact as a result of a contract with NHREC which is not disposed of by agreement shall be decided by the NHREC Purchasing Agent, who shall reduce his decision to writing and mail or otherwise forward a copy thereof to the contractor within thirty (30) days. The decision of the NHREC Purchasing Agent shall be final and conclusive unless the contractor appeals within six (6) months of the date of the final written decision by instituting legal action as provided in the Code of Virginia. A contractor may not institute legal action, prior to receipt of the public body's decision on the claim, unless the public body fails to render such decision within the time specified. Contractual claims, whether for money or other relief, shall be submitted in writing no later than sixty days after final payment; however, written notice of the contractor's intention to file such claim shall have been given at the time of the occurrence or beginning of the work upon which the claim is based. Nothing herein shall preclude a contract from requiring submission of an invoice for final payment within a certain time after completion and acceptance of the work or acceptance of the goods. Pendency of claims shall not delay payment of amounts agreed due in the final payment.

Z. Warranty/Guarantee:

Successful Offeror guarantees against defective or faulty material or workmanship for at least one (1) year or for the manufacturer's standard warranty period, whichever is greater, from date of acceptance by NHREC. To furnish adequate protection from damage for all work and to repair damages of any kind for which Successful Offeror or Successful Offeror's workmen are responsible, to the building or equipment, to Successful Offeror's own work, or to the work of others. Any merchandise or service provided under the contract which is or becomes defective during the warranty period shall be replaced by the Successful Offeror free of charge with the specific understanding that all replacements shall carry the same guarantee as the original equipment or service (one year or manufacturer's standard warranty period, whichever is greater, from the date of acceptance of the replacement). Successful Offeror shall make any such replacement immediately upon receiving notice from NHREC.

AA. Payment Terms:

To be eligible for payment, all labor, equipment and materials covered under Successful Offeror's invoice must be completed and accepted by NHREC. NHREC agrees to make payments under this contract within thirty (30) days after receipt of a correct invoice for such payment. Where payment is made by mail, the date of postmark shall be deemed to be the date of payment. Any amounts due NHREC under the terms of this or any other agreement may be applied against Successful Offeror's invoices with documentation for the basis of the adjustment attached. In no event shall any interest penalty or late fee accrue when payment is delayed because of disagreement between NHREC and Successful Offeror regarding the quantity, quality, time of delivery, or other noncompliance with the contract requirements for any Product or Service or the accuracy or correctness of any invoice. Payment terms offering a "prompt payment discount" of 20 days or greater will be considered in the evaluation of Proposals. All other payment terms shall be net thirty (30) calendar days or greater. Payment terms not specified by Offeror shall be Net 45 days.

Special Educational or Promotional Discounts

Successful Offeror shall extend any special educational or promotional sale prices or discounts immediately to NHREC during the term of the contract. Such notice shall also advise the duration of the specific sale or discount price.

BB. Prompt Payment:

NHREC will promptly pay for completed, delivered goods or services accepted under this Contract by the payment date established. The required payment date will be either: (i) the date on which payment is due under the terms of this Contract for the provision of the goods or services; or (ii) if a date is not established by this Contract, not more than forty-five (45) days after goods or services are received or not more than forty-five (45) days after the invoice is rendered, whichever is later.

Within twenty (20) days after the receipt of the invoice or goods or services, NHREC shall notify the supplier of any defect or impropriety that would prevent payment by the payment date. Should NHREC fail to pay the Contractor by the pay date, finance charges may be assessed by the Contractor. Unless otherwise provided under the terms of this Contract, interest will accrue at the rate of one percent (1%) per month. This will not apply to late payment provisions in any public utility tariffs or public utility negotiated Contracts. Contractor shall include in each of its subcontracts a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

In cases where payment to Contractor is made by mail, the date of postmark shall be deemed to be the date payment is made for purposes of this Contract.

Individual Contractors shall provide to NHREC their social security numbers and proprietorships, partnerships, and corporations to provide their federal employer identification numbers.

Within seven (7) days after Contractor receives payment from NHREC, Contractor shall take one or more of the following actions:

1. Pay all subcontractors for the proportionate share of the total payment received from NHREC attributable to the work performed by the subcontractors under this Contract;
2. Notify NHREC and all affected subcontractors, in writing, of Contractor's intention to withhold all or a part of each affected subcontractor's payment including the reason for nonpayment.
3. Pay interest to the subcontractor on all amounts owed by the Contractor that remain unpaid after (7) seven days following receipt by the Contractor of payment from NHREC for work performed by the subcontractor under that Contract, except for amounts withheld, as allowed in #2 above.

A Contractor's obligation to pay an interest charge to a subcontractor pursuant to the payment clause in this section shall not be construed to be an obligation of NHREC. A Contract modification will not be made for the purpose of providing reimbursement by NHREC for interest charges owed by Contractor. A cost reimbursement claim to NHREC shall not include any amounts for reimbursement of interest charges owed by Contractor.

CC. Audits:

NHREC shall have the right to audit all books and records (in whatever form they may be kept, whether written, electronic or other) relating or pertaining to this Contract (including any and all documents and other materials, in whatever form they may be kept, which support or underlie those books and records), kept by or under the control of Successful Offeror, including, but not limited to those kept by Successful Offeror, its employees, agents, assigns, successors and subcontractors. Successful Offeror shall maintain such books and records, together with such supporting or underlying documents and materials, for the duration of this Contract and for at least three years following the completion of this Contract, including any and all renewals thereof. The books and records, together with the supporting or underlying documents and materials shall be made available, upon request, to NHREC, through its employees, agents, representatives, contractors or other designees, during normal business hours at Successful Offeror's office or place of business in Newport News, Virginia. In the event that no such location is available, then the books and records, together with the supporting or underlying documents and records, shall be made available for audit at a time and location in Newport News, Virginia, which is convenient for NHREC. This paragraph shall not be construed to limit, revoke, or abridge any other rights, powers, or obligations relating to audit which NHREC may have by state, city, or federal statute, ordinance, regulation, or agreement, whether those rights, powers, or obligations are express or implied.

DD. Notice of Award:

Any contract resulting from this RFP will be publicly posted for inspection in the NHREC Purchasing Department, 12465 Warwick Boulevard, Newport News, Virginia.

EE. Award:

NHREC intends to award a contract to a fully qualified Offeror submitting the best proposal based on the criteria set forth herein and as determined by NHREC in its sole discretion. At NHREC's sole discretion, NHREC may reject any or all proposals in whole or in part if such action is determined to be in NHREC's best interest. NHREC reserves the right to enter into any contract deemed to be in its best interest, including the award of this contract to more than one contractor.

FF. Disposition of Proposals:

All materials submitted in response to this RFP will become the property of the NHREC. One (1) copy of each proposal will be retained for official files, will become a matter of public record after award of the contract, and will be open to public inspection subject to the *Proprietary Information/Disclosure* section of this RFP.

GG. Exclusivity:

Any contract resulting from this RFP shall be exclusive with the following exceptions:

NHREC reserves the right to procure goods/services under this contract from a third party in the event of the following:

Contractor is unable to provide goods or required services within the required delivery time.

Contract is unable to provide the required quantities of goods requested.

NHREC volume demands exceed original intent of the contract.

VI. SPECIAL TERMS AND CONDITIONS

A. Contract Term:

This contract term shall be for three (3) years, commencing on October 1, 2010 and expiring September 30, 2013.

B. Contract Extension:

This contract may be extended upon mutual agreement of both parties for two (2) additional, one-year periods, upon the same prices, terms, and conditions set forth in the negotiated contract resulting from this RFP.

C. Time is of the Essence:

Time is of the essence in this Contract. Successful Offeror expressly acknowledges that in the performance of its obligations, NHREC is relying on timely performance and will schedule operations and incur obligations to third parties in reliance upon timely performance by Successful Offeror and may sustain substantial losses by reason of untimely performance.

D. Insurance:

Successful Offeror shall submit to the NHREC Contract Administrator Certificates of Insurance, prior to beginning work under this contract and no later than ten (10) days after award of the contract.

All policies of insurance required herein shall be written by insurance companies licensed to conduct the business of insurance in Virginia, and acceptable to NHREC, and shall carry the provision that the insurance will not be cancelled or materially modified without thirty days (30) prior written notice to NHREC.

The certificates of insurance shall list NHREC, 12465 Warwick Boulevard, Newport News, Virginia, 23606-0130, as the additional insured for the specified project as outlined in this RFP.

Insurance shall be maintained during the entire term of the contract and any extensions and shall be of the following forms and limits:

<u>Forms</u>	<u>Limits</u>
Workers' Compensation	Statutory
Automobile Liability	\$1,000,000 Combined Single Limit

Commercial General Liability, including Contractual Liability and Products and Completed Operations Coverage	\$1,000,000 Combined Single Limit
Umbrella/Excess Liability	\$5,000,000

The establishment of minimum limits of insurance by NHREC does not reduce or limit the liability or responsibilities of the Successful Offeror.

E. Unauthorized Disclosure of Information:

Successful Offeror shall assume the entire responsibility and liability for any and all damages caused by or resulting from or arising out of the negligent or willful unauthorized disclosure of confidential information on the part of the Successful Offeror, its subcontractors, agents or employees under or in connection with this contract. The Successful Offeror shall save harmless and indemnify NHREC and its agents, volunteers, servants, employees and officers from and against any and all claims, losses or expenses, including but not limited to attorney’s fees, which either or both of them may suffer, pay or incur as the result of claims or suits due to, arising out of or in connection with, any and all such unauthorized disclosures, real or alleged. The Successful Offeror shall, upon written demand by NHREC, assume and defend, at the Successful Offeror’s sole expense, any and all such suits or defense of claims alleging unauthorized disclosures of confidential information.

Any negligent or willful unauthorized disclosure of confidential information on the part of the Successful Offeror, its subcontractors, agents or employees under or in connection with this contract shall constitute a breach of the terms of this contract. NHREC may proceed by appropriate court action, including seeking injunctive relief, to prevent continuing unauthorized disclosures, and Successful Offeror shall save harmless and indemnify NHREC for court costs, litigation expenses and attorney’s fees that it may pay or incur as the result of seeking to prevent or stop any and all unauthorized disclosures of confidential information.

F. Copyright/Patent Indemnity:

Successful Offeror shall pay all royalty and license fees relating to the items covered by this contract. In the event any third party shall claim that the manufacture, use and sales of the goods supplied under this contract constitute an infringement of any copyright, trademark, or patent, the Successful Offeror shall indemnify NHREC and hold NHREC harmless from any cost, expense, damage or loss incurred in any manner by NHREC on account of any such alleged or actual infringement

B. Using Entities/Regional Contracts

The following entities are hereby named as potential participants in this solicitation:

- SECEP, Norfolk, VA
- Governors School for the Arts, Norfolk, VA
- Pruden Center for Industry and Technology, Suffolk, VA

In the event these entities opt to participate under any contract awarded as a result of this solicitation, each will enter into a separate contract directly with the Successful Offeror or Offerors, incorporating, at a minimum, all terms and conditions set forth in this contract, including negotiations and incorporated best and final offers. Each entity will be responsible for the contract administration of its contract directly with the Contractor.

ATTACHMENTS

- Attachment A: Plan Design
- Attachment B: Enrollment, Rate and Claim History
- Attachment C: Census
- Attachment D: Deviations Exhibit
- Attachment E: Questionnaire
- Attachment F: Price Proposal Exhibits
- Attachment G: Provider Checklist and Prescription Drug Checklist
- Attachment H: Renewal Methodology Worksheet
- Attachment I: Performance Guarantees