



December 18, 2014

Enclosed with this letter is Treasury's and Labor & Industry's response to all clarification questions on RFP 14-001 submitted by interested parties prior to 8:30 a.m. EST on Monday, December 15, 2014 -- the deadline specified in the RFP.

Also enclosed with this letter is a revised Table IV-2.3, which replaces the table found on page 70 of the RFP and provides information on the SWIF program. Treasury provides additional data and information that might be of interest to potential Offerors on the SWIF program in narrative form below the revised table.

Please submit any remaining clarification questions that you may have on the RFP to rfp14-001@patreasury.gov as they arise. Treasury and L&I will attempt to promptly respond to any remaining questions as they are submitted by interested parties. As described in the Calendar of Events on Page 4 of the RFP, Treasury has committed to provide a response on or before Wednesday, January 14, 2015 to any remaining clarification questions submitted by interested parties by 8:30 a.m. EST on Wednesday, January 7, 2015.

Sincerely,

A handwritten signature in black ink that reads 'Mark Lavelle'. The signature is written in a cursive style with a large 'M' and 'L'.

Mark Lavelle
Issuing Officer

TABLE IV-2.3

SWIF Claims Activity	Yearly Average during the past three (3) years	Calendar year 2013
Number of Lost Time Injuries Received	1,646	1,741
*Estimated Number of Indemnity Payments Made	112,263	106,808
Number of Payment Plans as of December 31.	4,332	4,108
Total Compensation Paid	\$121,268,667	\$110,832,000
*Average Indemnity Payment Amount	\$1076.76	\$1037.68
Average Weeks of Payments Received	134 weeks	134 weeks

*Note: Despite the revisions to the table above, the Total Compensation Paid values include lump-sum and other payments likely not to be made by EPC. The estimated number of indemnity payments and average indemnity payment amount are calculated based on this information. The following information might be of greater interest to potential Offerors:

In calendar year 2013, there were 26 bi-weekly payment (indemnity) files with a total of 150,758 payments, or an average of 5,798 payments per file. The total dollar amount was \$85,650,035, or an average of \$568 per payment. All but a very small number of overall EPC payments are contained in the bi-weekly indemnity files.

There were a total of 1,109 EPC payments, or an average of 43 per file. The percentage of EPCs to overall payments is approximately 0.07%, which represents the less than 1% cited in the RFP. There may be some payments other than indemnity payments in the payment files and some indemnity payments processed with other files during any given bi-weekly period.

To further elaborate on the SWIF EPC activity that might be of even greater interest to potential Offerors, during the twelve-month period between August 2013 and July 2014 referenced in table IV-2.5 on pages 71 and 72 the RFP, the “Deposits from Treasury” figures listed on the first line include 1,105 deposits totaling \$1,057,368.89 for SWIF Cardholders, which equates to an average deposit of \$956.89.

RFP 14-001: Response to Clarification Questions submitted prior to 8:30 a.m. EST on December 15, 2014

Question Number	RFP Page	Section	Question	Response
1		General	Can issuers choose to bid on just one of programs?	The Offeror must include the UC and SWIF programs in its proposal. The Offeror can indicate its willingness to provide EPCs for certain payment thresholds in the BUP program, as described on page 50 of the RFP.
2		General	Is the state committed to changing providers now if it receives a compliant bid to the RFP requirements?	<p>As described on page 6 of the RFP, "...Treasury desires to secure a replacement provider of EPC services as soon as it can responsibly do so. Treasury defines responsible replacement to require it to secure Cardholder terms of service, ATM availability, and other significant program and contractual benefits that are substantially similar – or superior – to those provided by its current agreement with Chase."</p> <p>The RFP also provides, in section I-6 on page 7, that "The Issuing Office reserves the right, in its sole and complete discretion, to reject any proposal received as a result of this RFP." This provision equally authorizes Treasury to reject all proposals if it finds such an action to be in the best interests of the Commonwealth. Nonetheless, Treasury has committed substantial resources to the preparation of this RFP and the execution of this procurement process, and it recognizes that Offerors will similarly devote substantial resources in preparing proposals. As the RFP recites, Treasury's clear preference is to secure a replacement provider as quickly and as responsibly as it can.</p>
3		General	Due to the upcoming holidays and to ensure detailed and compliant responses, will the Commonwealth consider extending the due date by 30 days to allow bidders more proposal preparation time?	Mindful of the time of year and the intrusion of the holidays, Treasury has provided a response period of 66 days, nearly a month longer than the 2012 RFP response period of 39 days. In addition, a variety of tasks described in the Calendar of Events must occur in order for Treasury to begin first funding of new cards on October 01, 2015, a date of significance to the Commonwealth. All dates in the RFP timeline were established by the Commonwealth to avoid the effect a transition might have on Cardholders during the 2015 holiday season. The Issuing Office therefore cannot extend the due date for proposals.
4	12	Section 1-20.D	Will the Commonwealth describe when an online auction would be used as part of this procurement?	This language is part of the RFP template. The Issuing Office does not anticipate using an online auction for this procurement.

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Question Number	RFP Page	Section	Question	Response
5	23	II-7 A.	Please define what you mean by dedicated contract manager? Can the contract manager support other clients in addition to the Commonwealth?	<p>Page 23 of the RFP reads that: “The Contract Manager shall be a designated individual with analytical skills, judgment, experience, and authority to respond to inquiries from designated Commonwealth staff on tasks including but not limited to Contract compliance, delivery of services, liaison with the bidder’s vendor network and depository bank, and resolution of Cardholder complaints that have been elevated above the Customer Service Representative level. Preferably, the Contract Manager shall be familiar with Pennsylvania Treasury as well as L&I practices, or have work experience related to State government.”</p> <p>The Contract Manager’s job description should explicitly include, as a responsibility, management of the Contract on behalf of the Offeror, and that responsibility should be unique to the Contract Manager (i.e., generally, only one employee should be assigned to be the Contract Manager for this contract, although alternates are appropriate as provided for in the RFP). Treasury understands that the Offeror’s contract manager might support other clients in addition to the Commonwealth.</p>
6	30	Section B Item 18	Due to the Right to Financial Privacy and other State or Federal regulatory requirements Contractors cannot provide individual cardholder details to L&I without proper legal precedence (i.e. subpoena). As such, will the Commonwealth remove this requirement and its subsections?	Labor & Industry continues to request that Offerors provide as much information as they lawfully can to meet the requirement. Offerors will be evaluated on their ability to provide the information requested.
7	31	Section C	Please clarify what is meant by “evaluated more favorably” when referencing the institutions listed in Appendix D.	Each in-network ATM owned or operated by – or identified as – an institution that is a Treasury depository will count as 1.1 in-network ATM locations (a 10% bonus). In addition, each evaluator will have the ability to award a relatively small number of points based upon, among other factors, an Offeror’s use of ATMs that are owned or operated by – or identified as - an institution that is a Treasury depository.
8	31	Section C.3	Will the Commonwealth modify this requirement to be 8% instead of 5% to allow contractors flexibility with ATMs that may not be owned by the bidder?	Treasury anticipates an Offeror might utilize ATM networks outside of its control. Treasury also expects Offerors to be prepared to provide a supplementary or replacement network in the event that one or more of its ATM networks experiences a drop (as defined in the RFP) in the number of machines.
9	36	Section 4, Item 4.c	Due to the Right to Financial Privacy Act and applicable Federal and State laws, individual cardholder information cannot be provided regarding individual cardholder details to L&I without proper legal precedence (i.e. subpoena). As such, will the Commonwealth remove the requirement to provide fee information and fee history respectively?	Labor & Industry continues to request that Offerors provide as much information as they lawfully can to meet the requirement. Offerors will be evaluated on their ability to provide the information requested.

RFP 14-001: Response to Clarification Questions submitted prior to 8:30 a.m. EST on December 15, 2014

Question Number	RFP Page	Section	Question	Response
10	48	Section 4, Item 4.i	Due to the confidential and competitive nature of the IVR call flow for each contractor, would the Commonwealth modify this requirement for the call flow upon contract award?	<p>Perhaps there was a misunderstanding in the way the requirement was framed or interpreted. Treasury and L&I require a diagram of the call flow experience – essentially the sequence of events that could be heard by any Cardholder calling into the system.</p> <p>Treasury and L&I’s understanding of the expected Cardholder experience with the IVR system, as understood through the IVR call flow diagram, is an important part of the evaluation process. As such, the Issuing Office will not modify this requirement.</p>
11	50	J-1	If Offeror accepts a certain threshold, will all claims in that threshold be distributed via EPC or will claimants have a choice of check or EPC?	Treasury intends to offer EPC as a payment option only at this time.
12	50	J-2	Please define "integrating". Does the Commonwealth mean "interfacing" rather than a full integration?	Yes, interfacing between Offeror’s processes with Treasury’s UP claims processing systems is what was intended by the use of the word “integrating.”
13	51	J-5	Please define or provide example of a remittance advice that would be acceptable to the Commonwealth.	<p>Treasury is interested in each Offeror’s ability to provide customized remittance information with the EPC to advise the Cardholder regarding the claim being paid. This information could be provided on a separate document with the EPC mailing, or it could be provided on the card stock document to which the EPC is affixed if the Offeror has the capability to do so.</p> <p>Key information that should be in the remittance is as follows: Property ID, Holder Name, Description, Amount and Payee Information which are linked to Treasury’s UP processing system. Treasury’s BUP address and toll-free number should also appear.</p>
14	51	Section J.5	Please provide an example of the information that would be required to include with the EPC for offerors to review as each insert into the card package may result in cost allocated to the cardholder fee schedule to compensate for the added expense.	Please see previous answer. Note additionally that a separate insert may not be the only way to deliver the remittance information.

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Question Number	RFP Page	Section	Question	Response
15	53	Section L, Item 7.d	As this contract is at no cost to the Commonwealth, and due to Right to Financial Privacy regulations and since the Contractor is responsible for fraudulent losses contractors cannot provide this Risk Analysis report. Will the Commonwealth please remove this requirement?	Labor & Industry continues to request that Offerors provide as much information as they lawfully can to meet the requirement. Offerors will be evaluated on their ability to provide the information requested.
16	60	II-9	Can different pricing proposals be offered on the Unclaimed Property and Worker's Compensation programs?	Offerors shall provide the same pricing model for UC, SWIF, and BUP payments. Offerors may propose different minimum payment thresholds it will accept for BUP payments, as described on page 50 of the RFP. Offerors may also propose different pricing proposals for additional programs subsequently proposed by the Commonwealth to be included in the Offeror's EPC program, as described on pages 51 and 52 of the RFP.

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Question Number	RFP Page	Section	Question	Response
17	62	II-9	<p>Follow-up to question and answer #18 submitted before Prebid meeting - Out of Network ATM's - Understanding that an Offeror unable to commit to four (4) free out of network transactions per month will receive a zero(0) score in this section, will any partial credit be given? i.e. Will an Offeror that proposes 2 free withdrawals/month be graded the same as an Offeror that offers 1 or 0 free withdrawals?</p>	<p>Treasury scores out-of-network ATM withdrawals proposals – along with in-network ATM withdrawals, out-of-network balance inquiries, in-network balance inquiries, and IVR/CSR access proposals – using a methodology that considers three separate components. One component is whether the Offeror’s proposal for each of these identified transactions or services (this question asks about out-of-network withdrawals) meets the prescribed minimum. If the proposal offers anything less (in this instance, for example, fewer than four free out-of-network withdrawals per month), the Offeror will receive zero points for the first component.</p> <p>A second component of the methodology ranks all proposals submitted, from the one that offers the highest number of free monthly transactions/services to the one offering the lowest number, and then awards the maximum number of points available to the proposal (or proposals, in the instance of ties) offering the highest number of free transactions/services. Each other Offeror is allocated a proportion of the maximum points available for this component equal to the proportion of its number of free transactions/services to the number of free transactions/services provided by the proposal offering the highest number. For this component, even an Offeror that proposes less than the minimum required in the RFP (in the specific instance of this question, fewer than four free withdrawals) will receive points in accordance with the described calculation.</p> <p>The third component uses a market basket approach, in which the cost for fixed numbers of each of the five transactions/services is calculated based upon the terms of the proposal of each Offeror. Each Offeror’s basket will have a specific cost associated with filling it, derived from the same number of each of the transactions/services as every other Offeror’s basket. As in the second component, a ratio will be established, here with the Offeror with the lowest market basket cost receiving the maximum number of points available and other Offeror baskets receiving proportionally fewer points based upon their respective costs. For this component as well, even a proposal that offers fewer than the prescribed minimum for any of the included transactions/services will receive some number of points; that number will reflect how the cost for the proposed number of transactions/capabilities in the basket compares to the costs for the numbers offered in other proposals. It is theoretically possible, therefore, for an Offeror that proposes fewer than four free out-of-network ATM withdrawals to have the cheapest total market basket price because its relevant costs for the other four transactions/services included in the basket are so much cheaper than the analogous costs for all other Offerors (or because all other Offerors also propose the same number of free withdrawals fewer than four, and are otherwise more expensive on the remaining four transactions/services). In such an instance, the Offeror would receive the total maximum number of points for this component of the scoring while still receiving zero points for the first component because it failed to propose the minimum required by the RFP.</p>

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18	64	Section III-4, Item 1	The Commonwealth stated during the bidder's conference that a vendor will not be disqualified for not providing the minimum number of free transactions or services, but it will be awarded zero points. Will the Commonwealth please confirm that the zero points will be only for individual line item that was not met and not receive zero points for entire Cost Schedule?	An Offeror will not receive zero points for its entire Cost Submittal for not providing the minimum number of free transactions or services. Please see the immediately prior response for additional details regarding the scoring of certain transactions/services.
19	64		<p>What is the total number of points in your scoring model and can you provide the maximum number of points available on each of the requirements below:</p> <ul style="list-style-type: none"> a. Free out of network ATM access b. Total # of in-network ATMs c. Free Online Bill Pay d. SLA Requirements e. Liquidated Damages/Performance Bond f. Consolidated ATM locator g. Servicing Standards h. IVR requirements i. Cardholder online experience j. Fraud Requirements k. Small Diverse Business l. Reporting m Disaster Recovery/Business Continuity 	The maximum number of points in the scoring model is 1,000. It is not Treasury's business practice to provide the specific number of points available for each Submittal of the entire proposal or any individual element of a Submittal.
20	68	IV-2	Are EPC cards currently being sent to all UC claimants or only to those who choose that method of disbursement? Can the Offeror determine their best practices for distribution?	EPCs are sent only to those eligible UC claimants who a) elect for EPC as the payment method and b) do not make a payment selection on their claim forms (and where Treasury does not have recent direct deposit information for the claimants).

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21	70	SWIF Claims	EPC usage is very low. Is there a plan or willingness to increase EPC usage or is the Commonwealth satisfied with the current levels?	SWIF continues to stress with all claimants the advantages of using EPC or direct deposit for indemnity payments over paper checks. SWIF and Treasury are happy to entertain proposals or suggestions intended to increase EPC usage. However, by law, SWIF must offer the availability of paper checks to those claimants who wish to receive their payments in this manner.
22	72	IV-3	Have you had to enforce liquidated damages on either the current or any other prior provider?	Treasury has not enforced liquidated damages on either the current or former EPC provider.