

REQUEST FOR PROPOSAL

## STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF HUMAN RESOURCES  
BENEFITS DIVISION  
GROUP LEGAL SERVICES INSURANCE PROGRAM



Effective Date: April 1, 2013

Quote Due Date: July 19, 2012

Insure your success.™



CA Insurance Lic 0C03950

## TABLE OF CONTENTS

I. Letter of Authorization .....	2
II. Background .....	3
III. Definitions / Abbreviations .....	5
IV. Proposal Requirements .....	8
V. Cost and Retention Illustration Worksheet .....	11
VI. Vendor Selection Process.....	12
VII. Current Plan Design Summary .....	15
VIII. Eligibility and Enrollment .....	23
IX. Administrative Requirements .....	26
X. Questionnaire.....	31
XI. General Contract, Conditions and Provisions.....	37
XII. Protest Provisions .....	42
XIII. EXHIBITS.....	43
A. Certificate of Coverage - Actives	
B. Certificate of Coverage - Retirees	
C. Premium & Incurred Loss Report (Past 5 Years)	
D. Plan Authorization Form Active	
E. Plan Authorization Form Retiree	

## I. LETTER OF AUTHORIZATION

A letter authorizing Barney & Barney to conduct this bid on behalf of the State of California, California Department of Human Resources (CalHR effective July 1, 2012), Benefits Division.

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

### DEPARTMENT OF PERSONNEL ADMINISTRATION

#### BENEFITS DIVISION

1515 "S" STREET, NORTH BUILDING, SUITE 400  
SACRAMENTO, CA 95811-7256



June 11, 2012

To Whom It May Concern:

This letter authorizes Barney & Barney LLC to act on behalf of the State of California, California Department of Human Resources, (effective July 1, 2012) in conducting a Request for Proposal (RFP) for the State of California's Group Legal Services Insurance Plan. This plan is a voluntary, employee-paid plan for employees and their eligible dependents, and retirees.

Please cooperate and provide them with any and all information they may require to complete this RFP process. All questions or concerns related to this process should be directed to Barney & Barney LLC, at (510) 273-8888.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Beatty', with a long horizontal line extending to the right.

Greg Beatty, Chief  
Benefits Division



## II. BACKGROUND

Effective July 1, 2012, the State of California, Department of Human Resources will become California Department of Human Resources (CalHR). CalHR, dba the "State / Department", administers the State of California's Group Legal Services Insurance Plan (Plan) which was implemented on April 1, 1993. For the purpose of this bid, the term "the State" and "CalHR" are used interchangeably.

The term of the Agreement will be for a two year period beginning April 1, 2013, with the possibility of three one-year extensions. The current provider is ARAG® North America. The State is bidding this plan to select the best vendor to provide both active and retiree/annuitant coverage. Barney & Barney will evaluate all bids that have been properly submitted according to the specifications contained in the RFP and applicable state laws and regulations. The State reserves the right to reject any or all bids.

The Plan is a voluntary, employee-paid plan that provides comprehensive legal coverage. It is designed to meet the most common personal legal needs of an individual and their family. Benefits are limited to one claim per item per year, whether individual or family coverage, with the exception of the telephone advice attorney services. The monthly premiums are paid on a post-tax, automatic payroll deduction basis. Employees may enroll for either individual coverage or family coverage. The current premiums are \$9.84/month for individual coverage, (includes \$.50 admin fee) and \$17.34/month for family coverage, (includes \$.50 admin fee).

There are three departments not on the SCO system and there is no mechanism available to do a premium deduction from the employee's paychecks. These departments will "direct pay" the Contractor monthly.

The Plan is authorized through the collective bargaining process for rank and file employees and the Government Code for excluded employees. The plan offers three options by which an enrollee can receive legal services.

The first option is a toll-free telephone legal service which can be accessed via an 800 number. When using this option, the enrollee can consult with a Telephone Network Attorney over the telephone as often as necessary. Upon request, documents can also be prepared such as childcare authorizations, credit card inquiries, challenges to denials of credit, and bills of sale related to personal property.

The second option is in-office consultation services, which is paid-in-full when a Network Attorney is used for covered services for will preparation, consumer protection, trial defense (i.e., civil actions and criminal misdemeanors), traffic charges, real estate transactions, domestic matters, adoptions, bankruptcy and juvenile court proceedings. Under the current plan, the enrollee can call one of the more than 500 California Network Attorneys (located in over 140 cities) directly to schedule an appointment.

## II. BACKGROUND (CONTINUED)

The third option offers the enrollee the flexibility to enlist the services of a Non-Network Attorney, (i.e., who is not a member of the Plan panel) for covered benefits. Employees will be billed directly by the Non-Network Attorney and will be reimbursed for any attorney fees paid up to a specified maximum dollar amount (Exhibits A and B, Certificate of Insurance, Indemnity Coverage – Non-Network Attorney, pages 6–7).

### PARTNERSHIP

As an agent of the taxpayers of California, the State feels a strong responsibility for making prudent purchases of all services, including the benefits of employees of the State.

The State has maintained long-term contract relations with many of its vendors. The State's philosophy is to develop long-term partnerships with its outside vendors based on the development and maintenance of common interests, concerns and goals. The successful bidder will demonstrate this partnership by their willingness to proactively work with the State and provide the highest quality of benefits possible with continued assurance that a high level of quality benefit delivery shall be maintained. This also means the State expects its vendors to monitor quality in the provision of its benefits as well as cost. The State views its outside vendors as key members of the team and requires that the successful bidder work closely with the State to maintain close communication with high quality services, pricing and cost controls, as well as effective ongoing communications through periodic meetings (perhaps as often as quarterly) with the State.

### III. DEFINITIONS AND ABBREVIATIONS

- A. "Additional Costs" means costs or expenses such as court costs, filing fees, fees of a mediator or arbitrator, fines, judgments, witness fees, transcripts, recording fees, and penalties or orders of restitution ordered by any court and paid to third parties. Any "Additional Costs" are the obligation solely of the Insured Members and coverage of such costs is excluded from the Plan.
- B. "Agreement" means a legally binding Agreement between the State and the Contractor.
- C. "Americans with Disabilities Act" means if a disabled State employee needs special accommodations, such as written materials translated into Braille, large print, computer disk or tape cassette or other non print mediums, i.e., qualified interpreter or TTY.
- D. "Attorney" means a Network Attorney or a Non-Network Attorney. The term "Attorney" does not include an attorney offering consultants and advice under the Telephone Legal Services.
- E. "Bidder" means a business entity proposing to Agreement with the State of California.
- F. "Certificate of Insurance" means individual certificates issued by the Contractor to Insured Employees in accordance with the Master Policy.
- G. "Consumer Protection Action" means an action for the enforcement of written or implied warranties or promises relative to the lease or purchase of goods or services.
- H. "Consultations and Advice" means any advice and consultation on how the law in the Insured Member's state relates to that individual's situation, and what actions might be taken regarding his/her legal problem and rights. This does not include duplicate advice or consultation related to representation in any legal matter for which Insured Members have already retained an attorney to represent them with respect to that matter.
- I. "Contractor" means the Plan vendor selected as the third party administrator for the State of California.
- J. "Covered Services" means those legal services that are made available to Insured Members under the Plan. A legal matter claimed as one Covered Service shall not be claimed as any other Covered Service.
- K. "Dedicated line" means a toll-free line that is dedicated to the State and owned by the State.
- L. "Domestic Partner and/or domestic partnership" means same-sex and opposite-sex domestic partners (certification through Declaration of Domestic Partnership as required under California State Law).
- M. "CalHR" means the California Department of Human Resources, dba State of California.
- N. "Excluded Services" means those legal services and consultations (other than the initial discussion with a Network Attorney or a Telephone Attorney prior to a determination of whether a legal service is a Covered Service under the Plan) that are not included under the Plan. Any Excluded Services provided by Network Attorneys or Non-Network Attorneys are the responsibility of the Insured Member, (i.e., the entire cost and expense, including all attorney fees, to be paid by the Insured Member).

### III. DEFINITIONS AND ABBREVIATIONS (CONTINUED)

- O. "Effective Date" means the date on which the employee's first payroll deduction has been taken or the first issued retiree/annuitant warrant.
- P. "Eligible Dependent" means any dependent of an Eligible Employee/domestic partner/domestic partnership/retiree/annuitant who meets the eligibility criteria outlined in Section VIII.
- Q. "Eligible Participants" means Eligible Employees, Retirees/Annuitants and their Eligible Dependents who are eligible to participate in the Plan in accordance with the conditions of eligibility in Section VIII.
- R. "Eligible Retiree/Annuitant" means a former State of CA employee who has retired and is receiving a continuing monthly benefit from CalPERS.
- S. "Indemnity Coverage" means payments made directly to Insured Members for Covered Services provided by a Non-Network Attorney. Indemnity Coverage is not available outside of the United States.
- T. "Insured Members" means **the named plan member** and if indicated as family coverage by premium paid, the insured's spouse/domestic partner/domestic partnership and all of the unmarried dependent children who are under the age of 23 and who reside in the named insured's household.
- U. "Network Attorney" means a lawyer with whom the Contractor has a written agreement to provide Covered Services on behalf of Insured Members.
- V. "Non-Network Attorney" means a lawyer who is not a Network Attorney and is chosen by an Insured Member to provide Covered Services under the Indemnity Coverage of the Plan.
- W. "Paid-in-full Benefits" means legal services covered by the State's Legal Plan for which the fee for that legal service is fully paid if a Network Attorney is used.
- X. "Performance Guarantee" means the Contractor will be agreeable to negotiating a performance guarantee designed by both parties as evidence of its desire to establish a quality partnership with the State. On the bid request sheet, please state the percentage of the total contract amount or dollar amount you are willing to put at risk.
- Y. "Plan" means the State of California Group Legal Services Insurance Plan as described in Section VII.
- Z. "Plan Year" means the twelve-month period starting on the employee's effective date of coverage and each twelve-month period thereafter.
- AA. "Pre-Paid Fees" means the monthly compensation fee or premiums as specified in Section VI.  
B, which are paid to the Contractor by the State on behalf of Insured Employees.
- BB. "Service Plan Agreement" means the master service agreement between the administrator and the Plan Sponsor; State of California that describes the provisions of services in return for Plan sponsor's membership fee.



### III. DEFINITIONS AND ABBREVIATIONS (CONTINUED)

CC. "Telephone Attorneys" mean attorneys who provide Covered Services to Insured Members under the Telephone Legal Services component of the Plan.

DD. "Telephone Legal Services" means legal services provided through a dedicated toll-free telephone number maintained to the State of California that allows Insured Members to access a Telephone Attorney as often as necessary who will give them telephone advice regarding Covered Services. Telephone Legal Services covers telephone consultations and advice regarding all legal matters except those specifically excluded under the Plan.

EE. "Trial" means the proceeding in court when the parties try their case beginning with impaneling of a jury or, in a non-jury trial, with the opening statement of the parties. Trial does not include appearance on motions or pre-trial conferences.

FF. "Waiting Period" means the six-month time period, measured from the Insured Member's effective date, before coverage begins or benefits are available.

## IV. PROPOSAL REQUIREMENTS

### A. TIMETABLE

We intend to adhere as closely as possible to the following schedule throughout this bid process, but dates are subject to change:

Action Steps	Target Timing
Release of RFP	June 13, 2012
Vendor questions due	June 21, 2012
Question responses distributed to vendors	June 28, 2012
Vendor proposals due	July 19, 2012 by 5pm
Analysis of proposals presented to State and selection of Finalists	August 2, 2012
Negotiations with Finalists	Week of August 6, 2012
Finalist Presentations	Week of August 20, 2012
Intent to Award Notification	Posted 5 days prior to award*
Contract Awarded	Around August 31, 2012
Coverage Effective	April 1, 2013

Important: Proposals delivered after the published due date will be subject to disqualification.

### B. CONTRACT DATES

The term of the contract is expected to be effective April 1, 2013. The contract is expected to extend for at least a period of two years with options for three additional one year extensions.

### C. PROPOSAL INSTRUCTIONS

1. We are requesting that proposals be presented as a voluntary, employee-paid plan.
2. We are requesting that you display your quotation responses by completing the Quote Summary Sheet that is the last page of this section. Please provide a rate quotation for Active Employees and a separate rate quotation for Retirees. Both quotations should be fully-pooled.
3. The cost proposals must be reasonable and bidders may be asked to provide full substantiation of proposed costs including supportive materials.
4. All deviations from the requested plan designs and services to be delivered must be clearly highlighted in your response. Otherwise we will assume you have agreed to all aspects of this request for proposal.

Note: Failure to clearly structure and delineate the proposal(s) may, at the discretion of CalHR, cause a proposal to be rejected.

## IV. PROPOSAL REQUIREMENTS (CONTINUED)

### D. PERFORMANCE GUARANTEES

It is expected that the successful bidder will be agreeable to negotiating a performance guarantee designed by both parties as evident of its desire to establish a quality partnership with the State.

### E. ORAL PRESENTATION AND ON-SITE VISIT

All proposing vendors must agree to make a finalist presentation at the State's selected site and to allow an on-site visit to their offices, if requested.

### F. REPORTS AND INFORMATION

All reports, enrollment materials, and marketing support must be provided at no additional cost to the State, including mailing cost associated with marketing efforts.

As a condition of award of this contract, and a continuing servicing requirement of this contract, the State requires that the selected vendor provide semi annual reports (or at the discretion of the State), a comprehensive utilization report to include information by bargaining unit and by actives and retirees; the enrollee count, type of legal services/benefits utilized and percentage of utilization.

### G. QUESTIONS REGARDING THIS RFP

All questions regarding this RFP must be submitted in writing to Endeliza Hampton at Barney & Barney LLC, 1999 Harrison Street, Suite 1230, Oakland, CA 94612. Questions must be developed and received by June 21, 2012. Endeliza Hampton can be reached by e-mail: [ehampton@barneyandbarney.com](mailto:ehampton@barneyandbarney.com). Questions received and replied to will be distributed to all vendors responding to this RFP.

### H. PROPOSAL DUE DATE

Copies of the proposal are due in the offices of Barney & Barney LLC, 1999 Harrison St., Ste. 1230 Oakland, CA 94612, by 5 pm PST on July 19, 2012. Please provide five (5) original copies of your proposals, plus one electronic copy (on CD[s] or via e-mail).

### I. FOLLOW-UP QUESTIONS

You may be required to answer written questions regarding your response to this RFP. Answers shall be deemed incorporated into the initial response. Bidder must respond to all follow-up questions. Failure to do so is grounds for immediate rejection of bid proposal.

## IV. PROPOSAL REQUIREMENTS (CONTINUED)

### J. COMMUNICATION CHANNEL THROUGHOUT PROCESS

All communication throughout this RFP process is to be directed exclusively through the offices of Barney & Barney. At no time throughout the proposal process is there to be any direct communication with CalHR or any personnel of the State. Violation of this channel of communication may be considered as grounds for disqualification.

### K. PREMIUM RATE REQUIREMENTS

CalHR reserves the right to extend the Agreement beyond April 1, 2015, for three one-year terms, for a maximum of five (5) years. If the Agreement is extended, Barney & Barney reserves the right to negotiate the premium rates for the third, fourth and fifth year. CalHR reserves the right to decline the extension of the Agreement after the conclusion of the second year.

### L. COMPENSATION

Your costs should include the following broker compensation structure:

<b>Barney &amp; Barney</b>	<b>Total</b>
Year 1	\$25,000
Year 2 and each extension year	\$10,000

## V. COST & RETENTION ILLUSTRATION WORKSHEET

### GROUP LEGAL SERVICES PLAN

Vendor Name: \_\_\_\_\_

#### Aggregate under One Master Contract

All costs should be stated on a per month basis

#### Retention:

Claims Processing

Administration

Premium Tax

Commissions

Risk Charge

Investment Income Credit

All Other

#### Total Retention Charge

#### Claims

Paid Claims

Reserves (IBNR)

#### Total Claims Charge

#### Total Premium Cost per Month

Individual

Individual + Family

Rate Guarantee (minimum of three years)

Performance Guarantee (% or \$ amount of core fee)

#### Enhanced Options:

Revocable Living Trust (capped at 35%)

Elder Law Rider

Online Legal Services

Reduced Fee Benefit for Non-covered matters

Personal Financial Planning

Reduced Contingency Fee

(capped at 25% for initial trial/settlement & 30% for subsequent appeal proceedings)

% increase to rate

## VI. VENDOR SELECTION PROCESS

### A. GOALS AND OBJECTIVES:

1. To solicit bids from experienced and financially sound Bidders with a strong commitment to providing high quality service and access to professional legal advice for our plan members, their spouses and eligible dependent children.
2. To select a Bidder that will charge competitive premiums for a high quality legal benefit that emphasizes a broad range of covered services and ease of access to a large network of attorneys with minimal or no additional out-of-pocket costs for enrollees. Bid rates should be based on an estimated currently enrolled population of 36,910 actives and 7,747 retirees/annuitants.
3. To maintain a stable premium (with a minimum three year rate and retention guarantee).
4. To present future plan design enhancements tailoring the coverage for employees at a nominal rate increase for individual and family coverage based on the size of the State's account. **Due to collective bargaining, any modification to the current benefits structure must be approved by CalHR, with incremental costs known and agreed to prior to implementation.**
5. To select a Bidder with the most reasonable cost proposal based on the Plan's current claims experience, industry trends and based on the benefit coverage and administrative requirements of the Plan. Bidders are required to provide substantiation of proposed costs.
6. To select a Bidder who will successfully perform the system and administrative requirements necessary to support on-going plan administration as outlined in Administrative Requirement section.

### B. VENDOR SELECTION PROCESS

The successful Bidder must be able to successfully perform the system and administrative requirements necessary to support on-going plan administration and who:

1. Is licensed to do business in the State of California.
2. Has a minimum of five years experience in the marketing and administration of group legal services plans.
3. Has at least 20 legal plan master contracts in force with employer groups (of which at least two must be with governmental agencies) to provide coverage to its employees.
4. Has a total of 45,000 or more employees covered under its group legal services master contracts.
5. Has a broad statewide network of provider attorneys licensed to practice in the State of California and in other states where eligible employees are located.
6. Provides a Telephone Legal Service.
7. Engages in a partnership with the State in making prudent purchases related to plan enhancements.

## VI. VENDOR SELECTION PROCESS (CONTINUED)

8. Provides the State with high quality benefits in professional services and materials.
9. Agrees that when a disabled State employee needs special accommodations, such as written materials translated into Braille, large print or other non-print mediums, a qualified interpreter or TTY (toll-free), including translation services for non-English speaking callers, the Contractor will work with the State to provide these accommodations.
10. Carries professional liability insurance (Errors & Omissions) with limits of not less than \$1,000,000 per occurrence for combined bodily injury and property damage liability. Panel attorneys must carry Errors and Omissions coverage of at least \$100,000 per occurrence and \$300,000 in the aggregate.

## VII. CURRENT PLAN DESIGN SUMMARY

### A. STANDARD PLAN DESCRIPTION

The following outlines the current benefit coverage and exclusions for which proposals are requested under the State of California's Plan. These benefits represent the minimum required plan design that all qualifying Bidders must quote. **Failure to provide these coverages at a minimum or noncompliance with the plan design requirements will render the bid non-responsive.**

1. The delivery system must ensure that enrollees can use a Network Attorney or any practicing attorney licensed to practice in the state in which covered services are rendered.
2. The Plan must not impose any barriers between the enrollee and the attorneys who provide the legal service. Specifically, a requirement to go through an intake center to verify eligibility, or call a toll-free 800 number to receive consultation prior to being referred for an appointment with an attorney, or any procedure where members are required to discuss legal matters with anyone other than a practicing attorney to determine coverage, or non-responsiveness to a request for ADA services in a timely manner is unacceptable.
3. The Plan must provide **paid-in-full coverage** (no deductibles or discounted fees) for all covered legal matters when a Network Attorney is used with the exception of:
  1. Dissolution of Marriage or Domestic Partnership – 25 attorney hours maximum
  2. Motions to Modify/Enforce – 15 attorney hours maximum
4. The Plan must reimburse enrollees up to a specified maximum when a Non-Network Attorney is used for legal services (Exhibit B, Sample Certificate of Insurance, Indemnity Coverage – Non-Network Attorneys pages 6-7).
5. The Plan must provide litigation when necessary in all covered matters (e.g., in a divorce proceeding, an enrollee should have coverage up to and including a trial).
6. The Plan can include a minimal number of reasonable waiting periods for the more costly legal services (e.g., domestic matters, bankruptcy, or defense of civil damage claims) to diminish adverse selection and to minimize premiums charged.

### THE PLAN SHOULD INCLUDE THE FOLLOWING SPECIFIC COVERED LEGAL BENEFITS

#### 1. TELEPHONE LEGAL SERVICES

- a. Telephone legal advice (no limitation imposed on number of calls or length of calls) and correspondence to third parties. Toll-free telephone advice on how the law relates to the Plan member's personal legal matter and which action may be taken. Follow-up correspondence and telephone calls to third parties related to a Plan member's personal legal matter. The telephone consultation service should provide access to legal professionals via a toll-free number during the hours of 9:00 a.m. to 5:00 p.m. PST, Monday through Friday. Telephone consultation cannot be used for legal matters that are specifically excluded from the Plan (e.g., the employee could not use the plan for phone consultation regarding a grievance he/she had filed against the State).



## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### TELEPHONE LEGAL SERVICES (CONTINUED)

- b. Telephone assistance and preparation with the following documents: simple will, Testamentary Trust for minor children, Health Care Powers of Attorney and revocation, Advanced Health Care Directives and Codicils, durable powers of attorney and revocations; Living Wills, childcare authorizations; credit report requests; challenges to denial of credit; bad check notice; credit card inquiry; promissory notes and affidavits related to a Plan member's personal property; bills of sale related to insured's principal residence (excludes real estate), contractor issues, etc.;
- c. Telephone review of documents: Review of legal documents up to four (4) pages, excluding those related to trust or real estate property transfers (no limit on number of pages); and
- d. Identity Theft Defense  
Case Manager who will explain what identity theft is and how to prevent it:
  - i. provide resources to minimize and recover from identity theft;
  - ii. representation of defense of any action arising from identity theft; and
  - iii. monitor and follow-up through closure of the situation.

The Plan must provide for in-office consultation with an attorney for the core benefits listed below. Each of the benefits listed below (Items 2-14) must be available at least once per policy year per individual or per family unit in the aggregate unless otherwise noted (e.g., services can be received during the year for one misdemeanor defense, one divorce, one trial defense, or if under wills and estate planning four claims per unit, etc).

### 2. DOMESTIC MATTERS (SIX MONTH WAITING PERIOD FOR NEW ENROLLEES)

Divorce, legal separation or annulment (petitioner or defendant):

- a. Contested or uncontested divorce, legal separation and/or annulment, with or without equitable distribution; child custody; support or alimony; property settlement or separate maintenance agreement. Advice, negotiations, office work and court representation through the issuance of the final decree;
- b. Plaintiff motion to enforce a contested or uncontested child custody, child support, visitation agreement and/or alimony; and
- c. Defense motion to modify or enforce a valid decree for contested or uncontested child custody, child support, visitation rights, alimony, separate maintenance and/or contempt.

## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### 3. TRIAL DEFENSE (SIX MONTH WAITING PERIOD)

Representation at trial beginning on the 4th day in covered court proceedings for which INDEMNITY BENEFITS are being provided. This includes:

- a. Defense of lawsuits for collection of a consumer debt based upon an Agreement;
- b. Defense of serious traffic charges (excludes coverage for DUI/DWI charges and parking tickets) that could lead to suspension or revocation of the insured's drivers license; and
- c. Defense of criminal misdemeanor charges except those involving motorized vehicles (DUI/DWI), i.e., trespassing on private property or arrested for public intoxication. Includes legal representation required for the preparation of an appearance in court by an attorney in defense of a misdemeanor; and legal services provided subsequent to entering a plea of not guilty resulting in trial.
- d. Restrictions / Limitations:
  1. Four hours each day of attorney court appearance;
  2. Four day trial limitation.

### 4. JUVENILE DEFENSE

Defense of juvenile delinquency court charges for an insured child, except, issues involving traffic matters (based on dependent eligibility).

### 5. DEFENSE OF CIVIL DAMAGE (SIX MONTH WAITING PERIOD FOR NEW ENROLLEES)

Defense after court action is initiated, except debt collection matters or those arising out of vehicular or boat accidents or which are covered by other insurance for:

- a. Out of court settlements; or
- b. Settlements by court judgment.

### 6. CONSUMER PROTECTION (ENROLLEE AS PLAINTIFF)

Enforcement of written or implied guarantees, warranties, or promises relative to the lease or purchase of goods or services, lemon laws, deceptive pricing or false advertising, except disputes over real estate construction matters (e.g., a new home, remodeling of or addition to an existing home or any action brought to Small Claims Court) where the final disposition of the dispute terminates (through trial if necessary):

- a. After filing civil suit and ending in a settlement without court appearance;
- b. After filing civil suit and ending in a settlement with court appearance; or
- c. By court judgment after court appearance.

## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### 7. DEBT COLLECTION DEFENSE

- a. Defense against contract claims and/or proceedings in executions without court appearance or the filing of pleadings and ending in a settlement;
- b. Defense against contract claims and/or proceedings in execution with lawyer representation at a trial, motion, or hearing;
- c. Defense against foreclosure of a real estate mortgage without court appearance or the filing of pleadings and ending in a settlement;
- d. Defense against foreclosure of a real estate mortgage with lawyer representation at a trial, motion, or hearing;
- e. Defense in disputes between landlord and tenant, where insured is the tenant; and
- f. Defense against a garnishment or lien.

### 8. PERSONAL BANKRUPTCY (SIX MONTH WAITING PERIOD FOR NEW ENROLLEES)

- a. Individual only bankruptcy;
- b. Individual and spouse bankruptcy; and
- c. Wage earner plans.

### 9. WILLS / ESTATE PLANNING / CODICILS / TRUSTS

- a. Individual will including Powers of Attorney and Ordinary Trust Provisions;
- b. Husband / wife standard will (family coverage plan) including Power of Attorney and Ordinary Trust Provisions;
- c. Codicil or change in a will;
- d. Will with trust provisions (testamentary provisions for dependent children excludes living trusts);
- e. Living will (life support); advanced health care directives; and
- f. Durable powers of attorney.

## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### 10. REAL ESTATE TRANSACTIONS (EXCEPT TITLE SEARCH, TITLE INSURANCE OR ABSTRACTING)

The legal services or review of documents and the negotiation of terms necessary to conclude the final purchase and/or sale of a single family dwelling for the:

- a. Sale of principal residence;
- b. Purchase of principal residence; or
- c. Refinancing of principal residence.

### 11. COURT ADOPTION PROCEEDINGS

The legal service rendered for all children in any one adoption proceeding, including advice, office work and court representation and only where the final disposition is:

- a. Uncontested relative or step-parent adoption. Judgment at preliminary hearing;
- b. Uncontested foster child adoption. Judgment at preliminary hearing;
- c. Uncontested non-agency adoption with preliminary hearing and final hearing;
- d. Uncontested agency adoption; or
- e. Contested adoption with preliminary hearing.

### 12. ESTABLISHMENT OF GUARDIANSHIP / CONSERVATORSHIP (CONTESTED OR UNCONTESTED)

### 13. NAME CHANGE PROCEEDINGS, LEGAL REPRESENTATION TO PETITION THE COURT TO CHANGE NAME FOR SELF OR ADOPTED CHILD

### 14. HABEAS CORPUS

Writ to bring a detained Insured before a judge and justify his/her detention.

Delivery of each of the plan benefits listed above in Items 2 through 14 must include the following:

- a. Correspondence and telephone calls made on behalf of the enrollee;
- b. Review and/or preparation of legal documents;
- c. Advice and consultation via telephone;
- d. Advice and consultation provided in the attorney's office; and

- e. Trial coverage (when necessary) in all covered matters.

## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### 15. PREVENTIVE SERVICES

In addition to the 100% paid-in-full coverage, at no additional cost, the Plan will include one hour of in-office preventive legal services per calendar quarter (cannot be accumulated). Preventive legal services include legal advice, review and preparation of documents, correspondence, deeds, powers of attorney, promissory notes, mortgages, and leases and negotiation on any matter not specifically excluded by the Plan.

Preventive Services also include legal advice required for matters which are not otherwise covered by the plan or are excluded, with the exception of items 1-18 in Section VII.C. Exclusions and Limitations.

### B. ENHANCED PLAN DESCRIPTION

The State is interested in exploring a variety of other services that may be provided by the successful Bidder. These services should target certain employee and dependent needs, as described in items 1-5 below. This is not an all-inclusive listing. Bidders are encouraged to offer other options. The State may or may not be interested in such options as part of the program.

#### 1. REVOCABLE LIVING TRUST

- a. Indemnity benefit 35% reduction off attorney's usual rates per event,
- b. Office work,
- c. Customized portfolio.

#### 2. ELDER LAW RIDER

- a. Simple will;
- b. Health care proxy;
- c. Living will and durable powers of attorney

#### 3. ONLINE LEGAL SERVICES

- a. Law Guide
- b. Do-It-Yourself Legal documents

#### 4. REDUCED FEE BENEFIT FOR NON-COVERED MATTERS

- a. Reduced fees of 25% off the Network Attorney's standard hourly fees for services not covered in the In-Office Legal Services. Matters excluded in the plan are not eligible for the reduced fee program.

## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### B. ENHANCED PLAN DESCRIPTION (CONTINUED)

#### 5. PERSONAL FINANCIAL PLANNING / FEDERAL TAX INFORMATION SERVICE

- a. Financial Planning
- b. Federal Tax assistance
- c. Legal services and court representation prior to Trial
- d. Court representation at Trial as a defendant
- e. IRS Audit – advice, consultation and negotiation
- f. Representation at IRS Audit

### C. EXCLUSIONS & LIMITATIONS

The Plan will not provide coverage for services in connection with:

1. Legal actions involving the State (as either plaintiff or defendant), any of its agencies or departments, any of its insurers, or any of the labor organizations associated with the State or otherwise related to the enrollee's employment;
2. Services to a spouse or dependent against the interest of the enrolled employee;
3. Services performed by an attorney who is related to the enrollee;
4. Legal actions against the State's Group Legal Services Insurance Plan carrier for matters related to the administration of the Plan or any other State plan, plan carrier, or administrative subcontractor (e.g., consultant, third-party administrator);
5. Plaintiff action in matters that are listed as a defense benefit;
6. Probating of estates;
7. Preparing or filing of patents, copyrights, or trademarks;
8. Judicial appeal, class action, intervention and amicus curiae filings;
9. Legal proceedings which began prior to being covered under the group legal services plan;
10. Legal services regarding any matter arising out of the enrollee's occupation, profession, business interest, business transactions, business pursuits, partnership or corporation;

## VII. CURRENT PLAN DESIGN SUMMARY (CONTINUED)

### EXCLUSIONS & LIMITATIONS (CONTINUED)

11. Worker's compensation and unemployment compensation;
12. Fines, title insurance costs, subpoenas, assessments, filing fees, reporter's fees, court costs, penalties, expert witness fees and other related expenses;
13. Legal services provided outside of the United States;
14. Contingency fee cases and similar matters for which a fee is normally allowed by law;\*
15. Any legal proceeding in which the enrollee is entitled to legal representation or reimbursement for the cost from any source other than this Plan;\*
16. Any action brought in to Small Claims Court;\*
17. Preparing, completing or filing of a federal, state or local tax return;\* and
18. Matters related to structural damage to dwellings, appurtenances, and paved surfaces.

\*Note: LEGAL ADVICE ONLY may be obtained under the "Preventive Legal Services" and "Telephone Legal Services" for exclusions 14 through 17.



## VIII. ELIGIBILITY AND ENROLLMENT

### A. EMPLOYEE ELIGIBILITY

There are approximately 305,000 members (active/retiree/annuitant) eligible to participate in the Plan. As of June 2012, 36,910 active employees and 7,747 retiree/annuitants are enrolled. In the active plan approximately 47% are enrolled in individual coverage and 53% in family coverage. In the retiree/annuitant plan approximately 58% are enrolled in individual coverage and 42% in family coverage.

Eligible employees are located throughout the State of California (in 58 counties) and in other states (e.g., New York City, New York; Chicago, Illinois; Houston, Texas, etc.) However, the majority of eligible employees are located in California in the counties of Sacramento, Los Angeles, San Francisco, San Bernardino and San Diego. Eligibility is determined by the employee's Personnel Office at the time of the employee's appointment and is based upon the employee's time base. Subsequent transactions which impact eligibility are also determined by the Personnel Office.

Members eligible to enroll in the State's Group Legal Services Insurance Plan Include:

1. Permanent or probationary State employees with a time base of half-time or more, who are designated rank and file, managerial, supervisory, confidential or excluded/exempt who meet the eligibility criteria are also eligible to enroll in the Plan.
2. Permanent-intermittent (PI) employees who have worked a minimum of 480 paid hours during the required control period.
3. Retirees/annuitants who meet the State's service credit requirements, administered through CalPERS, Judges Retirement System (JRS I & II), and the Legislative Retirement System (LRS).

## VIII. ELIGIBILITY AND ENROLLMENT (CONTINUED)

### B. DEPENDENT ELIGIBILITY FOR EMPLOYEES / RETIREES ARE DEFINED AS FOLLOWS:

Eligible dependents are defined as follows:

1. A lawful spouse, domestic partner, or domestic partnership\*;
2. Any unmarried, dependent child under the age of 23 who has never been married;
  - a. Natural, stepchildren, adopted children and children for whom the employee is the legal guardian, and children of either domestic partner and;
  - b. Any economically dependent child, 23 years or over if he/she is incapable of self-support because of physical or mental disability who has never been married and is chiefly dependent on the eligible employee for support and maintenance.

\*Note: Domestic partners of active employees and retirees must have on file a Declaration of Domestic Partnership with the Secretary of State's Office. Persons of opposite sex do not constitute a domestic partnership unless one or both of the persons are over the age of 62. Family Code Section 297-297.5.

The State reserves the right to change the eligibility criteria for employees and their dependents subject to collective bargaining.

### C. ENROLLMENT PERIODS

An open enrollment period is held annually, generally during the months of March and April (at the State's discretion). During this enrollment period, eligible employees may enroll in the Plan and current enrollees can change their coverage from single to family / family to single, add/delete eligible dependents, or cancel coverage. Employees already enrolled in the Plan are not required to re-enroll each year in order to continue coverage.

Employees who become newly eligible (e.g., new hire, change in time-base) after the open enrollment period and, enrollees who experience a status change (e.g., marriage, divorce, birth of a child or adoption, child reaching an ineligible age, etc.) have 60 calendar days (from the permitting event) to make other applicable changes to their Plan coverage.

Under the current Plan, employees may enroll or make changes to their coverage, by completing a Plan Authorization Form (Exhibits D and E). After completion of the form the employee submits it to his/her Personnel Office for further processing.

The Personnel Office staff completes Section C of the form and forwards the necessary copies to the SCO for processing to establish the monthly payroll deduction. Personnel Offices are responsible for reviewing Sections A and B of the form to verify that the employee is eligible for participation in the Plan.

## VIII. ELIGIBILITY AND ENROLLMENT (CONTINUED)

### C. ENROLLMENT PERIODS (CONTINUED)

Information for newly enrolled active employees is provided by the SCO to the Contractor via an Electronic File Transfer (EFT) protocol and hard copy of the enrollment form. The form provides such information as the employee's name, social security number, date of birth (mo/day/year), home address, name of enrolled dependents (if applicable), date of birth and the employee's bargaining unit (CBID).

The SCO will also provide the Contractor with monthly employee deduction information via the Internet FTP file. This information identifies the enrolled employees by name, social security number, date of birth, home address, CBID and the premium deduction amounts. The FTP file does not contain any dependent information. The Contractor will need to obtain this information from the carrier copy of the enrollment form.

The primary contact for retirees/annuitants relating to eligibility and enrollment is the Contractor or CalHR. CalPERS, JRS, and LRS will provide the Contractor with an eligibility file and the coverage information, of the retirees/annuitants monthly. CalPERS, JRS and LRS will withhold the retirees/annuitants' share of the premium out of the retirement allowances, and transmit the premium, minus the admin fee, directly to the carrier on a monthly basis.

### D. EFFECTIVE DATE OF COVERAGE

The employee's effective date of coverage will begin on the first day of the pay period following the first premium deduction. For example, if the Personnel Office processes the enrollment form and submits it to the SCO by March 10th (and there are no errors on the form), the first premium deduction will be in the March paycheck, and the effective date of coverage will be April 1. For enrollment forms received on March 11th through April 10th, the effective date would be May 1.

Enrollment status for CalPERS, JRS, and LRS members will be reflected on their retirement check after the Contractor has sent the FTP enrollment file to the retirement system.

### E. CANCELLATION OF COVERAGE – BOTH ACTIVES AND RETIREES

Enrolled employees are not required to remain in the Plan for a minimum period of time. Voluntary cancellation of coverage can occur at any time. Employees who cancel their coverage cannot re-enroll in the plan until the next open enrollment period. If an employee cancels coverage and re-enrolls at a later date, he/she will have to satisfy the six-month waiting period for any covered services that require a waiting period.

## IX. ADMINISTRATIVE REQUIREMENTS

### A. SYSTEM & ADMINISTRATIVE REQUIREMENTS

Upon award of the Agreement, the Contractor must adhere to the following mandatory system and administrative requirements. Any changes or modification of these requirements must be approved by CalHR before any implementation shall take place.

1. The Contractor must assign a Senior Account Executive with authority to act on behalf of the Contractor. This individual must have a minimum of four (4) years experience as an account executive for legal services plans with 5,000 or more enrollees, with at least two years at the Contractor's firm.
2. The Contractor must appoint a contact person for CalHR to communicate with on issues concerning customer service and complaints (can be the same person named as representative assigned to account in Item A.1 above).
3. The Contractor must have an established procedure for resolving complaints and grievances regarding benefit eligibility or which might arise as the result of the attorney-client relationship, including a Network Attorney's alleged inability to meet client needs. The Contractor shall act quickly so that the grievance may be resolved in a timely manner. Every effort shall be made to complete action within the time limits.
  - a. If an Insured Member has a complaint about concluded services which cannot be resolved with the attorney, the Contractor shall require a written grievance. Upon receipt of the written grievance, the Contractor shall notify both parties in writing within ten (10) days of the intended action.
  - b. If an Insured Member has a complaint about an on-going legal matter that cannot be resolved with the attorney, the Contractor, upon receipt of the written grievance, shall notify both parties of its intended action within three (3) days.
  - c. The Contractor will provide a written response to the appeal within 60 days after it is received. The Contractor has the right, following review and consultation with CalHR, to interpret the provisions of the Plan and their decision is conclusive and binding.
4. The Contractor must have established claims and administrative procedures/systems in addition to established cost and quality control procedures/systems (e.g., utilization review, case review, eligibility verification, participant and provider satisfaction surveys).
5. The Contractor and its agent(s)/representative(s) must be in compliance with all applicable laws and regulations of the State of California. For example, if the Agreement is awarded to a corporation, the company must be in good standing and qualified to do business in the State of California. "Doing business" is defined in the Revenue and Taxation Code, Section 2310 (as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit).

## IX. ADMINISTRATIVE REQUIREMENTS (CONTINUED)

### A. SYSTEM & ADMINISTRATIVE REQUIREMENTS (CONTINUED)

6. The Contractor must ensure that Insured Members and their eligible dependents obtain adequate services statewide by maintaining a sufficient panel (at least equivalent in size to the current attorney panel) of Network Attorneys located in the geographical areas throughout the State of California and in other states where Eligible Participants are located. In rural counties/other states where there are no Network Attorneys, the Contractor shall solicit additional Attorneys on an as-needed basis.
7. If there is no Network Attorney within 30 miles of the Eligible Employees home, the Contractor guarantees the opportunity to receive in-network benefits through an attorney in the local area at no additional cost to the Insured Member.
8. In addition to a printed directory, the Contractor will maintain and update an Internet Website with a current list of Network Attorneys and their designated areas of law practice. It should also include their telephone numbers, addresses, office hours, languages spoken, ADA access, brief biography listing the year admitted to the bar, the law school attended, the number of attorneys in the firm, the states licensed to practice in, and the number of miles from specific zip codes. Any attorney participating in the "Reduced Fee Benefit for Non-Covered Matters" must disclose his/her reduced percent fee. Directories must be updated by February 15 of each year during the term of this Agreement and upon request mailed directly to the homes of any insured member.
9. A dedicated toll-free State telephone line, owned by the State of CA, to an administrative services center must be installed no later than February 1, 2013 and maintained for the duration of the Agreement. The telephone number must be in service during regular working hours (Monday – Friday, 8:00 a.m. – 5:00 p.m. PDT) to respond to questions from enrolled employees located inside or outside of the State of California and for departmental personnel office staff.
10. The Contractor must include a Plan provision to continue coverage until a legal matter is concluded, if the member loses eligibility (e.g., termination or separation) for group coverage after a legal matter has begun.
11. The Contractor must have an established direct payment process for employees who are off pay status and elect to continue their Plan coverage.
12. The Contractor must issue an identification card or utilize a comparable method to verify the eligibility of enrolled participants and dependents.
13. The Contractor must agree to conduct an annual open enrollment period for eligible participants and their dependents. The State's annual Plan open enrollment period is generally held during the months of March and April.
14. The Contractor must develop, produce and mail to eligible participants' homes communication materials, which may include a cover letter, Plan brochure, and enrollment application. These materials will be subject to advance approval by the State and must be made available to eligible employees no later than **February 15<sup>th</sup>** of each year to support the annual open enrollment period held in March and April.

## IX. ADMINISTRATIVE REQUIREMENTS (CONTINUED)

### A. SYSTEM & ADMINISTRATIVE REQUIREMENTS (CONTINUED)

15. The Contractor must print and mail a supply of enrollment forms and brochures to departmental personnel offices and field offices located throughout the State to support annual open enrollment activities and on-going enrollments of newly eligible employees and/or for employees wanting to cancel the plan throughout the term of the Agreement.
16. The Contractor must print and mail to “newly enrolled” members’ (active/retirees/annuitants) homes a “new member” kit, which includes a Certificate of Insurance (Evidence of Coverage) booklet, a new member letter, a subscriber handbook (explains how to access plan services), and an identification card.
17. The Contractor must comply with the ADA requirements when a disabled State employee / retiree / annuitant needs special accommodations, such as written materials translated into Braille, large print or other non print mediums, i.e., disk or tape cassette, a qualified interpreter or TTY.
18. The Contractor must accept the carrier copy of the Group Legal Services Insurance Plan Enrollment Authorization / Cancellation Form (see Sample Group Legal Services Insurance Plan Enrollment Authorization / Cancellation form,) and process the enrollment information, including level of coverage selected, bargaining union data and names of Eligible Employees and Eligible Dependents.
19. The Contractor must accept verbal eligibility verification from the SCO Miscellaneous Deduction Unit, CalPERS, JRS I & II, LRS, and/or CalHR Benefits Division when issues arise regarding employees' eligibility.
20. The Contractor must accept on-going enrollments (for newly eligible employees) and cancellations throughout the duration of the Agreement.
21. The Contractor must be available as a resource to the State of California for State-produced communications and for training sessions provided to employees and departmental personnel office staff in support of open enrollment activities.
22. The Contractor will be required to conduct annual participant and provider satisfaction surveys. Subject to approval by the State, the Contractor will develop and mail such surveys (at Contractor's cost) and provide a detailed report of the survey results to the State.

## IX. ADMINISTRATIVE REQUIREMENTS (CONTINUED)

### B. ACCOUNT STATEMENT & REPORT REQUIREMENTS FOR BOTH ACTIVES & RETIREES

To monitor premiums paid and Plan utilization, the Contractor must provide management with the required documented reports two times a year and additionally, as necessary. Specific detail of these reports will be negotiated with the successful Bidder. These reports shall show active and retiree utilization separately and include, but not be limited to the following data:

1. Enrollment Statistics, including:
  - a. Premiums received,
  - b. Number of enrolled employees,
  - c. Number of enrolled dependents, and
  - d. Number of enrolled employees by bargaining unit.
2. Utilization Statistics, including:
  - a. Number of claims paid for each covered service,
  - b. Total dollar amount of claims paid for each covered service,
  - c. Reserved amounts to cover future claims payments, and
  - d. Number of telephone calls to the customer service center and types of legal matters discussed.
3. Number of current enrollees by individual coverage and those with family coverage.
4. Number of current enrollees (individual and family) by county (in ZIP code order).
5. Number of employee cancellations.
6. Number of Network Attorneys located in each ZIP code area.
7. Number of Network Attorneys who were added or terminated by Zip code location.
8. Number of calls to the telephone toll-free advice line.

The State reserves the right to request ad hoc reports as needed.

If there is a change in the plan administrator, the current Contractor must provide the reports and records necessary to transfer the State's Plan to the subsequent vendor, at no cost to the State.

## X. QUESTIONNAIRE

### GENERAL

1. Provide the name and address of your company and indicate the location of your corporate headquarters.
2. Describe the history, organization and ownership of your company. Please provide a copy of your latest financial statement, and current AM Best rating and size status. If not rated by Best, provide an alternate rating. If you are a subsidiary of, or owned by, another corporate entity, a copy of its last audited financial statement must also be submitted with your proposal.
3. Provide the name, address, telephone & fax numbers, and a brief biography of the individual(s) from your organization who will be responsible for CalHR's account management and service. If there is a turnover in this position during the term of the Agreement, the contractor shall provide CalHR with written notification and the resume of the replacement.
4. Provide the name, address, telephone & fax numbers, and a brief biography of the individual(s) from your organization who will be responsible for the day-to-day operations of the Group Legal programs, including the customer service center who will handle questions from the State's eligible members/enrollees.
5. Please describe your experience in dealing with public clients. How many public accounts do you have for Group Legal Insurance? Which State accounts do you currently have on your books for Group Legal Insurance?
6. What percentage of your policyholders has stayed with you for more than five years? How about 10 years?
7. How many years have you been marketing and administering group legal plans in California and nationwide?
8. Provide the total number of current legal services master agreements you have in force with employer groups and the number of covered enrollees. As part of this response, identify separately the number of legal services agreements with public sector and with private sector employers, and the number of covered enrollees in each of these categories.
9. Provide the five largest group legal Contracts that you have in the United States and in California, respectively, and provide enrollment information for each agreement which includes the total number of covered employees and total number of covered dependents (if applicable). Do you have a dedicated internal organization responsible for service delivery to large and complex group employer clients?
10. Describe your annual enrollment growth for the past five (5) years.

### MEMBER SERVICES

11. A toll-free number must be installed and maintained specific to CalHR for all participants. Please confirm that you are willing to set up a dedicated toll-free number and dedicated member service unit for the CalHR.
12. What are the customer service unit operating hours? How will after-hour calls be handled?



## X. QUESTIONNAIRE (CONTINUED)

13. How do you accommodate non-English speaking callers or those with hearing disabilities?
14. Describe the systems/processes the customer service area uses to document and track calls to ensure the timeliness of responses.
15. Provide samples of your brochures, announcement letters and other marketing materials.

### PLAN ADMINISTRATION

16. Describe your automated eligibility system. Describe how your system will be able to accept employee eligibility information via the Internet FTP files.
17. Describe your method of determining eligibility and specifically any information provided to a Network Attorney to verify eligibility of enrollees accessing the plan.
18. Describe any computer system modifications that you have made to ensure fault-free performance in processing date and date-related information.
19. Provide samples of a Customer Satisfaction Survey and a Provider Satisfaction Survey you've conducted. State the frequency in which the surveys are conducted and provide the results of your most recent surveys (Customer and Provider). If you have not conducted such surveys, describe in detail how you measure customer and legal provider satisfaction.
20. Describe your automated statistical reporting system and furnish samples of quarterly utilization and premium volume reports, etc., as representative of the reports that you would provide to CalHR.
21. Describe the complaint or grievance procedure enrollees would use and the internal procedure that is followed when a complaint is registered. Indicate the normal timeframe for resolution of complaints. Describe your procedure for resolving situations when there is an attorney-client conflict or when the enrollee requests to change attorneys after a legal matter has begun.
22. Furnish a detailed description of your claims payment system, including the following additional information regarding claims filed when either a Network or a Non-Network Attorney is used:
  - a) Locations paying claims;
  - b) Submit copies of claim forms to be used (for Network and Non-Network) by attorneys;
  - c) The "turnaround time" (in working days) the Bidder would expect for payment of claims:
    - i. Requiring additional information;
    - ii. Requiring no additional information;
  - d) The percentages of claims paid within 10, 20, and 30 working days respectively;
  - e) The method in which the Bidder calculates claim amounts paid to Network Attorneys; and
  - f) The procedures followed when there are indications of excessive charges, improper service, poor quality and outright fraud relative to claims filed.

## X. QUESTIONNAIRE (CONTINUED)

### PLAN ADMINISTRATION (CONTINUED)

23. Describe any utilization / cost containment strategies you have used.
24. Will you be able to develop and implement a customized internet Website for the State? Describe.

### SERVICE CAPACITY

25. Describe your policy for handling legal services in progress (pre-existing) at the time that an employee enrolls in the Plan.
26. Describe your process for continuing coverage for a legal service in progress when an enrollee loses eligibility (e.g., termination, retirement, or separation from State service or voluntary termination of the legal plan Agreement). You should include information regarding whether continued payment of premiums would be required to extend the service until the matter is resolved and whether any maximum timeframe would be imposed for continuation of the services beyond termination of the enrollee's eligibility.
27. Describe your process for billing enrolled employees directly if they are on an unpaid leave and do not have an automatic payroll deduction to pay their monthly premiums.
28. Describe the steps you will take to implement a toll-free number (no later than February 1, 2013) to an administrative services center to respond to calls from employees and personnel office staff (regarding plan coverage, eligibility issues, requests for brochures and other plan materials, etc.). Include the hours of phone availability, who would have responsibility for answering these calls, and steps taken if service is interrupted due to emergency situations (earthquakes, floods, etc.).
29. Describe any other methods (i.e., interactive phone system, Website, etc.) you would use to communicate information to enrollees regarding plan coverage, qualifications and locations of Network Attorneys, etc.
30. Describe your experience in marketing legal plans to employer groups. Describe in full your proposed communications strategy for marketing the Plan to State employees.
31. Provide copies of the following materials:
  - a. Sample employee information packets (flyers, brochures, enrollment form, etc.);
  - b. Sample membership coverage booklet
  - c. Sample Evidence of Coverage booklet;
  - d. Sample ID cards or similar participant identifier;
  - e. Sample Network Attorney list;
  - f. Sample application form for the attorney panel;
  - g. Copy of an attorney contract;
  - h. Sample newsletters;
  - i. Customer and provider satisfaction questionnaire; and
  - j. Sample Website Home page.

## X. QUESTIONNAIRE (CONTINUED)

32. Describe in detail the steps you will take to support the State's annual open enrollment period including whether you will be able to fulfill the following requirements:
- Develop and duplicate enrollment materials;
  - Mail enrollment materials to eligible employees and departmental personnel offices;
  - Support State-sponsored training;
  - Provide enrollees with an attorney listing; and
  - Develop an Evidence of Coverage certificate, and a plan membership identification card.

### QUALITY OF ATTORNEY PANEL

33. Provide a list of names of Network Attorneys who would service the State's account, their locations, the areas of law in which they specialize, and the average number of years they have been practicing law.
34. If your legal plan does not currently have an attorney panel in California at least equivalent in size to the current panel (i.e., 500 or more), please describe in detail your plans to increase the size of the network by the effective date of this Agreement. You must provide the action steps, the key dates for completion, the targeted locations, the number of additional attorneys to be added in each location, and the proposed number of attorneys you will have in each California county as of April 1, 2013.
35. Provide information regarding the number of Network Attorneys located in other states and/or cities outside of California where State employees are located. If you do not have a provider network in these locations, describe in detail the plan to enroll attorneys in these areas by the Agreement effective date (i.e., April 1, 2013).
36. Provide the annual turnover ratio for attorneys in your attorney panel and the percentage of Network Attorneys in California who have terminated Agreements with your legal plan within the past two years.
37. Describe your requirements for Network Attorneys to maintain legal malpractice insurance.
38. Describe in detail your process for recruiting and evaluating the qualifications of individual attorneys or attorneys within law firms and selecting Network Attorneys. Describe how these attorneys are compensated for the services they deliver.
39. Describe the process that you use to screen applications of prospective Network Attorneys to ensure that current State employees are not selected for the panel in violation of Public Contract Code 10410.
40. Describe any requirements for Network Attorneys to recertify for continued participation in the Network and the frequency of such recertification.
41. Describe the controls you have in place to prevent attorney firms from assigning the least experienced attorneys to the State's Plan members.
42. Describe your disenrollment requirements and procedures when disenrolling a Network Attorney. Include the process and notice required for you to disenroll a Network Attorney due to failure to maintain required standards and the process for completing any legal issues the attorney is handling at the time of disenrollment.

## X. QUESTIONNAIRE (CONTINUED)

### IMPLEMENTATION

43. What is the minimum lead time you believe necessary to implement this plan for the State of California participants? Provide a timeline for plan implementation.
44. Describe how you would handle the implementation of a group as large and geographically diverse as the State of California. Include information on the responsibility of the State of California, how you would educate employees about their benefits, and how you would manage employee enrollment, including a preliminary communication plan.
45. What capabilities do you have, which can be engaged by the CalHR, to support the marketing of the Group Legal Plan when needed? Please provide a listing of the three most recent large group legal plan solicitations that the account management team has performed. Please provide three references for these solicitations.
46. Any additional service which you feel that you can perform that has not been requested?

### PERFORMANCE GUARANTEE

47. Please confirm that you will be agreeable to entering into a performance guarantee arrangement.
48. Please indicate what portion of your core fee you will be willing to put "at risk", if any, subject to the terms of a performance guarantee (terms of which will be determined at a later date):
- Fully Insured Retention: \_\_\_\_\_%
49. Please provide a sample performance guarantee agreement.
50. What percentage of your contracts have performance guarantees? How many of those have you paid refunds on in the last three years?

### CONDITIONS

51. No individual will lose benefits merely because of a change in carrier. New carrier assumes responsibility that no one will "fall through the cracks." Please affirm this takeover responsibility.

YES \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

52. The proposed benefit structure you provided is inclusive of all parts of the CalHR's current Group Legal Plan with ARAG.

YES \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

## X. QUESTIONNAIRE (CONTINUED)

53. Agree to State Language – See Section XI for Contract Terms, Conditions and Provisions.

YES \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

## XI. GENERAL CONTRACT TERMS, CONDITIONS AND PROVISIONS

The following language with any updates as required by the Department of General Services shall be incorporated in the final contract(s) that is/are awarded, upon conclusion of the bid.

### A. GENERAL TERMS AND CONDITIONS:

1. APPROVAL: This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.
2. AMENDMENT: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
3. ASSIGNMENT: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. AUDIT: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
5. INDEMNIFICATION: Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.
6. DISPUTES: Contractor shall continue with the responsibilities under this Agreement during any dispute.
7. TERMINATION FOR CAUSE: The State may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the State may proceed with the work in any manner deemed proper by the State. All costs to the State shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

8. **INDEPENDENT CONTRACTOR**: Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
9. **RECYCLING CERTIFICATION**: The Contractor shall certify in writing under penalty of perjury, the minimum, if not exact, percentage of post consumer material as defined in the Public Contract Code Section 12200, in products, materials, goods, or supplies offered or sold to the State regardless of whether the product meets the requirements of Public Contract Code Section 12209. With respect to printer or duplication cartridges that comply with the requirements of Section 12156(e), the certification required by this subdivision shall specify that the cartridges so comply (Pub. Contract Code §12205).
10. **NON-DISCRIMINATION CLAUSE**: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.  
  
Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.
11. **CERTIFICATION CLAUSES**: The CONTRACTOR CERTIFICATION CLAUSES contained in the document CCC 307 are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto.
12. **TIMELINESS**: Time is of the essence in this Agreement.
13. **COMPENSATION**: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.
14. **GOVERNING LAW**: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.
15. **ANTITRUST CLAIMS**: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.
  1. The Government Code Chapter on Antitrust claims contains the following definitions: "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an

## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

- 1) action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
    - 2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
  2. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
  3. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
  4. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.
16. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:
- a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
  - b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
17. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.
18. PRIORITY HIRING CONSIDERATIONS: If this Contract includes services in excess of \$200,000, the Contractor shall give priority consideration in filling vacancies in positions funded by the Contract to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code §10353.



## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

### 19. SMALL BUSINESS PARTICIPATION AND DVBE PARTICIPATION REPORTING REQUIREMENTS:

- a. If for this Contract Contractor made a commitment to achieve small business participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) report to the awarding department the actual percentage of small business participation that was achieved. (Govt. Code § 14841.)
  - b. If for this Contract Contractor made a commitment to achieve disabled veteran business enterprise (DVBE) participation, then Contractor must within 60 days of receiving final payment under this Contract (or within such other time period as may be specified elsewhere in this Contract) certify in a report to the awarding department: (1) the total amount the prime Contractor received under the Contract; (2) the name and address of the DVBE(s) that participated in the performance of the Contract; (3) the amount each DVBE received from the prime Contractor; (4) that all payments under the Contract have been made to the DVBE; and (5) the actual percentage of DVBE participation that was achieved. A person or entity that knowingly provides false information shall be subject to a civil penalty for each violation. (Mil. & Vets. Code § 999.5(d); Govt. Code § 14841.)
20. LOSS LEADER: If this contract involves the furnishing of equipment, materials, or supplies then the following statement is incorporated: It is unlawful for any person engaged in business within this state to sell or use any article or product as a "loss leader" as defined in Section 17030 of the Business and Professions Code. (PCC 10344(e).)

### B. SPECIAL TERMS AND CONDITIONS

1. **PRELITIGATION DISPUTE RESOLUTION PROCESS:** Any claim that the contractor may have regarding the performance of this agreement, including, but not limited to, claims for additional compensation, extension of time, shall be submitted to the California State Department of Human Resources, Benefits Division within ten (10) days of discovery of the problem. Within ten (10) days of this filing, the CalHR shall meet with the Contractor and Program Coordinator for purposes of resolving the dispute. Should the Contractor disagree with the decision, the Contractor may appeal to the CalHR Director or designee with fifteen (15) working days of the decision. The CalHR Director, or designee, shall meet with the Contractor to review the issues raised. A written decision signed by the Director or designee shall be returned to the Contractor within thirty (30) days of the meeting. The decision of the CALHR Director or designee shall be final. Nothing in this section shall constitute a waiver by the Contractor to seek enforcement of any right under this Agreement after the above dispute resolution procedures have been exhausted.
2. **AGENCY LIABILITY:** The Contractor warrants by execution of this Agreement that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul

this Agreement without liability, paying only for the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

3. SUBCONTRACTORS: Nothing contained in this Agreement or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.
4. TERMINATION OF AGREEMENT:
  - a. The State reserves the right to terminate this Agreement without cause upon thirty (30) days advanced notice. The Contractor shall be reimbursed for the rate due and reasonable expenses incurred up to the date of termination. Except for these amounts, the State will have no liability to the Contractor or any member of the Contractor's Provider Network for any amount which the Contractor may have been due during the remaining term of the Agreement after the termination date of the Agreement.
  - b. The State may terminate any part of the total Agreement on ten (10) days written notice to the Contractor because of:
    - i. Nonperformance by the Contractor, and/or
    - ii. Noncompliance of Audit Findings,as determined by the CalHR or its representatives.
  - c. Should the CalHR elect to terminate this Agreement at the end of an Agreement term, it shall provide the Contractor with at least 120 days advance written notice of its intent to terminate the Agreement. Should the Contractor elect not to renew this Agreement, the Contractor shall provide the CalHR with at least 180 days advance written notice of its intent to terminate the Agreement.
  - d. Contractor's authority to terminate this agreement is expressly limited to the following condition: if, despite the existence of a duly enacted State Budget, the State fails or refuses to pay monthly fees, in the amounts and manner required in Exhibit B, BUDGET DETAIL AND PAYMENT PROVISIONS, provided that the CalHR has been duly notified of such failure (and is billed for monthly fees, if applicable) and at least 60 days have elapsed since the date of notification.
  - e. If for any reason the CalHR or Contractor terminates this Agreement, all services end as of the date of termination and the Contractor is released from all further obligations of this Agreement, except for those services started before or as of the effective date of the termination. Upon receipt of notice of termination by the Contractor, it shall:
    - i. prepare to terminate and mitigate costs for all subcontracts related to the terminated portion(s) of the contract, or the contract in its entirety, and
    - ii. take any and all action(s) necessary to protect, secure and maintain the property, data, and/or information in the Contractor's or subcontractor(s) possession that the State has provided the Contractor or, has an interest in.

- f. Contractor shall not be relieved of any obligation arising under this Agreement due to a labor strike or other work stoppage by Contractor's work force or the work force of any subcontractor engaged by contractor to provide services under this Agreement.

## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

### 5. PROVISIONS

If any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, but the same shall be construed and enforced as if said illegal or invalid provision has never been inserted herein.

### 6. AMENDMENTS

This Agreement may be amended at the discretion of the CalHR. Any changes to this Agreement shall be agreed to in writing by both parties. Persons designated to have authority in providing instruction to facilitate changes to this Agreement are listed in Exhibit A, Scope of Work. Persons authorized to provide daily operation instructions are also listed in Exhibit A, Scope of Work. The CalHR may amend either listing pursuant to a written notification.

### 7. AGREEMENT RENEWAL

The term of this Agreement is April 1, 2013 through March 30, 2015, with the option of three (3) one-year extensions. The CalHR reserves the right to negotiate the premium rates if it exercises any or all of the one-year extensions using claims experience and industry trends.

### 8. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) REQUIREMENTS

While performing the requirements set forth in this Agreement, the Contractor and its subcontractor(s) certify that they currently comply and/or will comply with the required standards of the Health Insurance Portability and Accountability Act of 1996 (reference Public Law 104-91, Dated August 21, 1996) by the required HIPAA implementation dates.

### 9. LABOR STRIKE

Contractor shall not be relieved of any obligation arising under this Agreement due to a labor strike or other work stoppage by Contractor's work force or the work force of any subcontractor engaged by Contractor to provide services under this agreement.

### 10. INDEMNIFICATION

Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement. Nothing in this Agreement shall preclude the State from participating in and/or providing its own defense. However, Contractor shall not be relieved from its obligation to indemnify, defend and save harmless the State, its officers, agents and employees even though the State participates in and/or provides its own defense.

### 11. AUTHORIZATION TO UTILIZE STATE DATA

The State of California is the owner of all information/data and may, under specially pre-approved circumstances, share data with the Contractor for purposes of mailing information and enrollment materials specific to the State's Group Legal Services Insurance Plan.

As the custodian of information, the Contractor is responsible for complying with any and all security policies and procedures established by the owner and the Agency Information Security

## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

Office of the information/data as described in State Administrative Manual (SAM), Section 5300.3 and 5305.2. Refer to <http://sam.dgs.ca.gov/5300/default.htm>.

The Contractor must promptly investigate incidents involving the unauthorized or accidental modification, destruction, disclosure, loss, or access to automated files and databases, as well as incidents involving loss, damage, or misuse of information assets. The Contractor must notify CalHR and complete a Security Incident Reporting Form, State Information Management Manual (<http://www.dof.ca.gov/HTML/IT/SIMM/SIMM.htm>) immediately upon detection/discovery of the following incidents:

- a. Unauthorized intentional release, modification, or destruction of confidential or sensitive information or the theft of such information, including information stolen in conjunction with the theft of a computer or data storage device;
- b. Use of a state information asset in commission of a crime;
- c. Tampering, interference, damage, or unauthorized access to computer data and computer systems as described in the Comprehensive Computer Data Access and Fraud Act found in the Penal Code of California, Section 502 (which can be viewed via <http://www.leginfo.ca.gov/calaw.html>); or
- d. Intentional damage or destruction of State information assets, or the theft of such assets, with an estimated value in excess of \$2,500;

The Contractor agrees to indemnify, defend and hold harmless the State, its officers, agents and employees for data errors, omissions, destruction of data or other faults, and/or damages caused by or related, directly or indirectly, to failures on the part of Contractor or Contractor's designee(s), occurring with Contractor or Contractor's designee(s) electronic data system, including but not limited to: Year 2000 compliance problems, security breaches, data transfer errors, data warehousing errors, omissions or misuse, data theft, eligibility and accounting data errors, and identify theft.

The Contractor must report to the CalHR known instances in which personal information, as defined in the Civil Code of the State of California, Section 1798.3 (see above reference URL), has been distributed or obtained by any person in a manner not in accordance with the Information Practices Act, the California Public Records Act, and California Civil Code Section 1785.10.

### Budget Contingency Clause

- A. The parties acknowledge and agree that the State's duty to issue payment on the invoices under this Agreement shall not arise unless and until there is a duly enacted State budget that provides the legally required spending authority to pay said invoices. Failure by the State to pay invoices during periods of time when there is no State budget shall not constitute a breach of this Agreement and provides no grounds for termination by Contractor. The Contractor agrees to withhold termination proceedings for ninety (90) days following notification by the State that it is unable to make invoice payments due to a lack of an enacted State budget.

## XI. CONTRACT TERMS, CONDITIONS AND PROVISIONS (continued)

- B. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- C. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

## XII. PROTEST PROVISIONS

The following Protest Provisions will apply to this bid, if necessary.

Protests to the Award: Protests to the award of the Agreement are limited to proposing bidders. The protest must be filed with Barney & Barney LLC, after notice of intent to award the Agreement, but before the actual award. The protesting bidder has five (5) working days from the date of protest to file a detailed written statement of the protest grounds if the original protest did not contain the complete grounds for the protest.

Protests are limited to the following grounds:

1. CalHR failed to follow the procedures stated in the RFP.
2. CalHR failed to apply correctly the standards for reviewing the format requirements or failed to evaluate the proposals as specified in the RFP.

Should a bidder file a protest, please note that protests to the award of the contract are limited only to proposing bidders and must be received by 5:00 P.M. PST of the last day of the protest period. Protesting bidders must file with Barney & Barney LLC a full and complete written statement specifying the grounds for the protest. The protest filing period commences on the date of the notification of intent to award, which is five (5) working days prior to the contract award date. It is expected that the contract award date will be around August 31, 2012. Protest statements received after 5:00 P.M. PST on the last day of the protest period will be rejected, as will the bidders protest. If the written arguments are not submitted according to this procedure, the protest may be disqualified. All such rulings will be made by CalHR.

Protests shall be in writing and delivered to:

Barney & Barney LLC  
1999 Harrison Street, Suite 1230  
Oakland, CA 94612  
Attention: Dave Cannon and/or Chris Williams

Protests may be sent by regular mail, fax, courier or personal delivery. Protesting bidders should include their fax numbers, if applicable. A courtesy copy of any protest should be sent to:

CalHR, Benefits Division  
1515 S St., Suite 400  
North Building, Sacramento, CA. 95811  
Attention: Susan Wong and/or Carol Azevedo