

THIS AGREEMENT made and entered by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County") and Employee Benefit Specialists, Inc (EBS), a Corporation, duly qualified to conduct business in the State of California, whose principal place of business is PO Box 11657 Pleasanton, CA 94588 (hereinafter referred to as "Contractor");

RECITALS

WHEREAS, County has entered into a Memorandum of Understanding (MOU) on February 15, 2011 with CSAC-EIA and approved the CSAC-EIA Health Program Proposal; and

WHEREAS, the CSAC-EIA Health Program Proposal included an administrative platform to provide the County a comprehensive on-line employee benefit eligibility administration system with the third party administrator, Employee Benefits Solutions (EBS); and

WHEREAS, CSAC-EIA holds the administrative services agreement with EBS which set forth the term, services, compensation, confidentiality provisions, and insurance requirement; and

WHEREAS, County approved on February 15, 2011 the CSAC-EIA benefit administration pricing with EBS; and

WHEREAS, Contractor has represented to County that it is specially trained, experienced, expert and competent to perform the special services required hereunder and County has determined to rely upon such representations; and

WHEREAS, it is the intent of the parties hereto that such services be in conformity with all applicable federal, state and local laws; and

WHEREAS, County has determined that the provision of these services provided by Contractor is in the public's best interest, and that these services are more economically and feasibly performed by outside independent Contractor as well as authorized by El Dorado County Charter, Section 210 (b) (6) and/or Government Code 31000.

NOW, THEREFORE, Contractor has submitted a Statement of Work setting forth the obligations and services to the County follows:

ARTICLE I

Scope of Services: Contractor agrees to furnish the personnel and equipment necessary to provide a comprehensive menu of benefit services according to Exhibit "A" marked Statement of Work Number 1.

ARTICLE II

Term: This Agreement shall be effective May 9, 2011 and shall be renewed automatically for one (1) year period(s) unless the County elects to terminate its agreement with CSAC- EIA or either CSAC- EIA or EBS terminates its agreement. Or, if the County elects to utilize another third party administrator contracted through CSAC-EIA.

ARTICLE III

Compensation for Services: Fees in accordance with Contractor's MOU with CSAC-EIA Health.

ARTICLE IV

Changes to Agreement: This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto.

ARTICLE V

Contractor to County: It is understood that the services provided under this Agreement shall be prepared in and with cooperation from County and its staff. It is further agreed that in all matters pertaining to this Agreement, Contractor shall act as Contractor only to County and shall not act as Contractor to any other individual or entity affected by this Agreement nor provide information in any manner to any party outside of this Agreement that would conflict with Contractor's responsibilities to County during term hereof.

ARTICLE VI

Assignment and Delegation: Contractor is engaged by County for its unique qualifications and skills as well as those of its personnel. Contractor shall not subcontract, delegate or assign services to be provided, in whole or in part, to any other person or entity without prior written consent of County.

ARTICLE VII

Independent Contractor/Liability: Contractor is, and shall be at all times, deemed independent and shall be wholly responsible for the manner in which it performs services required by terms of this Agreement. Contractor exclusively assumes responsibility for acts of its employees, associates, and subContractors, if any are authorized herein, as they relate to services to be provided under this Agreement during the course and scope of their employment.

Contractor shall be responsible for performing the work under this Agreement in a safe, professional, skillful and workmanlike manner and shall be liable for its own negligence and negligent acts of its employees. County shall have no right of control over the manner in which work is to be done and shall, therefore, not be charged with responsibility of preventing risk to Contractor or its employees.

ARTICLE VIII

Fiscal Considerations: The parties to this Agreement recognize and acknowledge that County is a political subdivision of the State of California. As such, El Dorado County is subject to the provisions of Article XVI, Section 18 of the California Constitution and other similar fiscal and procurement laws and regulations and may not expend funds for products, equipment or services not budgeted in a given fiscal year. It is further understood that in the normal course of County business, County will adopt a proposed budget prior to a given fiscal year, but that the final adoption of a budget does not occur until after the beginning of the fiscal year.

Notwithstanding any other provision of this Agreement to the contrary, County shall give notice of cancellation of this Agreement in the event of adoption of a proposed budget that does not provide for funds for the services, products or equipment subject herein. Such notice shall become effective upon the adoption of a final budget which does not provide funding for this Agreement. Upon the effective date of such notice, this Agreement shall be automatically terminated and County released from any further liability hereunder.

In addition to the above, should the Board of Supervisors during the course of a given year for financial reasons reduce, or order a reduction, in the budget for any County department for which services were contracted to be performed, pursuant to this paragraph in the sole discretion of the County, this Agreement may be deemed to be canceled in its entirety subject to payment for services performed prior to cancellation.

ARTICLE IX

Default, Termination, and Cancellation:

- A. Default: Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the party in default (notice). If the party in default does not cure the default within ten (10) days of the date of notice (time to cure), then such party shall be in default. The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party giving notice and must specify the reason(s) for the extension and the date on which the extension of time to cure expires.

Notice given under this section shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable period of time. No such notice shall be deemed a termination of this Agreement unless the party giving notice so elects in this notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired.

In the event of termination for default, County reserves the right to take over and complete the work by contract or by any other means.

- B. Bankruptcy: This Agreement, at the option of the County, shall be terminable in the case of bankruptcy, voluntary or involuntary, or insolvency of Contractor.

- C. **Ceasing Performance:** County may terminate this Agreement in the event Contractor ceases to operate as a business, or otherwise becomes unable to substantially perform any term or condition of this Agreement.

- D. **Termination or Cancellation without Cause:** County may terminate this Agreement in whole or in part upon seven (7) calendar days written notice by County without cause. If such prior termination is effected, County will pay for satisfactory services rendered prior to the effective dates as set forth in the Notice of Termination provided to Contractor, and for such other services, which County may agree to in writing as necessary for contract resolution. In no event, however, shall County be obligated to pay more than the total amount of the contract. Upon receipt of a Notice of Termination, Contractor shall promptly discontinue all services affected, as of the effective date of termination set forth in such Notice of Termination, unless the notice directs otherwise.

ARTICLE X

Notice to Parties: All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and return receipt requested. Notices to County shall be addressed as follows:

COUNTY OF EL DORADO
Chief Administrative Office, Risk Management Division
330 Fair Lane
Placerville, CA 95667
ATTN: Janet Parnell, Principal Risk Management Analyst

Or to such other location as the County directs.

With a carbon copy to:

COUNTY OF EL DORADO
CHIEF ADMINISTRATIVE OFFICE
PROCUREMENT AND CONTRACTS DIVISION
330 FAIR LANE
PLACERVILLE, CA 95667
ATTN: Theresa Daly, PURCHASING AGENT

Notices to Contractor shall be addressed as follows:

Employee Benefits Specialists
PO Box 11657
Pleasanton, CA 94588

Or to such other location as the Contractor directs.

ARTICLE XI

Indemnity: The Contractor shall defend, indemnify, and hold the County harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorneys fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees, and the public, or damage to property, or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the Contractor's services, operations, or performance hereunder, regardless of the existence or degree of fault or negligence on the part of the County, the Contractor, subContractor(s) and employee(s) of any of these, except for the sole, or active negligence of the County, its officers and employees, or as expressly prescribed by statute. This duty of Contractor to indemnify and save County harmless includes the duties to defend set forth in California Civil Code Section 2778.

ARTICLE XII

Interest of Public Official: No official or employee of County who exercises any functions or responsibilities in review or approval of services to be provided by Contractor under this Agreement shall participate in or attempt to influence any decision relating to this Agreement which affects personal interest or interest of any corporation, partnership, or association in which he/she is directly or indirectly interested; nor shall any such official or employee of County have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE XIII

Interest of Contractor: Contractor covenants that Contractor presently has no personal interest or financial interest, and shall not acquire same in any manner or degree in either: 1) any other contract connected with or directly affected by the services to be performed by this Agreement; or, 2) any other entities connected with or directly affected by the services to be performed by this Agreement. Contractor further covenants that in the performance of this Agreement no person having any such interest shall be employed by Contractor.

ARTICLE XIV

Conflict of Interest: The parties to this Agreement have read and are aware of the provisions of Government Code Section 1090 et seq. and Section 87100 relating to conflict of interest of public officers and employees. Contractor attests that it has no current business or financial relationship with any County employee(s) that would constitute a conflict of interest with provision of services under this contract and will not enter into any such business or financial relationship with any such employee(s) during the term of this Agreement. County represents that it is unaware of any financial or economic interest of any public officer or employee of Contractor relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement either party may immediately terminate this Agreement by giving written notice as detailed in the Article in the Agreement titled, "Default, Termination and Cancellation".

ARTICLE XV

California Residency (Form 590): All independent Contractors providing services to the County must file a State of California Form 590, certifying their California residency or, in the case of a corporation, certifying that they have a permanent place of business in California. The Contractor will be required to submit a Form 590 prior to execution of an Agreement or County shall withhold seven (7) percent of each payment made to the Contractor during term of the Agreement. This requirement applies to any agreement/contract exceeding \$1,500.00.

ARTICLE XVI

Taxpayer Identification Number (Form W-9): All independent Contractors or corporations providing services to the County must file a Department of the Treasury Internal Revenue Service Form W-9, certifying their Taxpayer Identification Number.

ARTICLE XVII

County Business License: It is unlawful for any person to furnish supplies or services, or transact any kind of business in the unincorporated territory of El Dorado County without possessing a County business license unless exempt under County Code Section 5.08.070.

ARTICLE XVIII

Administrator: The County Officer or employee with responsibility for administering this Agreement is Janet Parnell, Principal Risk Management Analyst, Risk Management or successor.

ARTICLE XIX

Authorized Signatures: The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

ARTICLE XX

Partial Invalidity: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XXI

Venue: Any dispute resolution action arising out of this Agreement, including, but not limited to, litigation, mediation, or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California.

ARTICLE XXII

Entire Agreement: This document and the documents referred to herein or exhibits hereto are the entire Agreement between the parties and they incorporate or supersede all prior written or oral Agreements or understandings.

Requesting Contract Administrator Concurrence:

By: _____ Dated: _____
Janet Parnell
Principal Risk Management Analyst
Chief Administrative Office, Risk Management

Requesting Department Head Concurrence:

By: _____ Dated: _____
Kimberly Kerr
Assistant Chief Administrative Officer
Chief Administrative Office

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates indicated below.

-- COUNTY OF EL DORADO --

Dated: _____

By: _____
Chairman
Board of Supervisors
County”

ATTEST:
Suzanne Allen de Sanchez, Clerk
of the Board of Supervisors

By: _____ Dated: _____
Deputy Clerk

-- CONTRACTOR --

Employee Benefits Specialists

By: _____ Dated: _____
Chimane Rhodes
Vice-President

By: _____ Dated: _____
Joan Rhodes
Corporate Secretary

Agmt #234-S1211

EXHIBIT “A”

**Statement of Work #1
Benefits Administration**

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STATEMENT OF WORK

NUMBER I

This Statement of Work (“SOW”) dated May 09, 2011 between the County of El Dorado (“the County”) and Employee Benefit Specialists, Inc (“Contractor”) sets forth the obligations of Supplier in providing Services to the County. Capitalized terms in this SOW and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

Scope

Contractor will provide a comprehensive menu of benefit services. Contractor will provide COBRA services (including qualifying event letters, eligibility management, enrollment, billing, and collection), provide HIPAA certificates at termination of COBRA, retiree administration (eligibility management/enrollment processing, billing, collection, Medicare supplement plan enrollment and processing), weekly vendor file updates, Section 125 (FSA) administration, monthly consolidated billing administration for the plans and carriers listed herein for active, COBRA and retired employees. Contractor will utilize an online enrollment system called Workterra that will be configured for the County, the system will provide a complete configured enrollment feature that includes up to ten (10) plans and eight (8) carriers, more plans and carriers can be added there are no limitations, fees may apply see pricing section for more details. Contractor will provide any and all services requested by the County as outlined throughout this SOW, any service not specifically listed herein or the included price schedule will be quoted upon request.

Definitions

- **Covered Lives** means any person who is both (i) eligible for coverage and (ii) covered as an employee or dependent under the County’s benefit plans being administered by Contractor as outlined in this SOW.
- **Dependent** means any person who is both (i) eligible for coverage and (ii) covered as a dependent, spouse or child under the County’s benefit plans being administered by Contractor as outlined in this SOW.
- **COBRA Participant** means an Eligible Participant who has elected to continue health insurance coverage through his/her COBRA Eligibility.
- **COBRA Election Period** means the period of at least sixty (60) days (A) beginning on the latter of either (i) the date on which coverage under the County’s Health Plan was terminated by reason of a Qualifying Event or (ii) the post-mark date on which the Notification of COBRA Eligibility was mailed (or if the notice is provided by other than

mail, on the date the notice is deemed received by the County, and (B) ending on the sixtieth (60) day thereafter.

- **Contractor's Network** means the hardware, software, network server(s) and data center of Contractor or of a third party under lease or license to Contractor that are utilized to provide the applicable components of the Services to the County hereunder.
- **Employees** are all employees eligible to participate in the County's benefit plans being administered by Contractor under this SOW.
- **Health Plans** means a group health plan described in Internal Revenue Code Section 4980B(g)(2).
- **Plan Participant** means an Employee/Retiree or a Dependent (and if so specified by the County, any other individuals) both eligible and covered under the County's benefit plans being administered by Contractor under this SOW.
- **WORKTERRA** means Contractor's system that provides the County with an online system to update all status and enrollment information necessary for the enrollment and termination of employees and eligible dependents into the covered benefit Plans.

Implementation

An implementation timeline will be created and dates agreed upon by both parties for deliverables and milestones necessary for the configuration of the system and the creation and testing of exports and imports.

During this implementation period, Contractor will provide the County regular updates regarding information received and still outstanding. The County must fill out Contractor's set up documents, and provide any information needed to configure the system. The County will have final sign off authority prior to the system going live.

After implementation, any requested features or changes which require additional coding or changes to the system will be negotiated and agreed upon on a separate statement of work. Changes to the configuration may incur charges based on scope, and these fees must be communicated to the County in advance and pricing agreed upon by both parties prior to invoicing.

Based on the information provided and approved by the County the enrollment system will do the following:

1. Not allow for incomplete enrollments
2. Provide all rate and contribution information automatically

3. Will only allow employees to enroll in or view the benefits for which they are eligible
4. Allow employees to make changes throughout the enrollment period
5. Allow enrollment data to be updated to the Contractor database on a real time basis
6. Allow employees to view and print an enrollment summary
7. Include employee data fields that can be configured as required based upon the current system coding
8. Other features are available and can be utilized based on the County data entered into the system.

The above is not an exhaustive list of all tasks required from the enrollment system. It is the County's responsibility to ensure that all information provided to Contractor is up to date and accurate. All updates to the rates, benefits or other information included in the system for the proper functioning of the enrollment system must be provided to Contractor at least 45 days prior to the effective date of the change. Fees may apply for system corrections or updates that require coding changes exceeding 40 hours in the calendar year.

Examples of the types of changes that could incur a fee include, but would not be limited to, corrections/changes to rates, plan names, eligibility rules, employer contributions, and other Meta data in excess of 40 hours per year. The rate for changes in excess of 40 hours is \$175.00 per hour. An estimated number of hours will be quoted based on the requested changes/corrections and employer signature is required prior to any fees being incurred. (Requested language – quote will be based on a fixed bid vs. time and materials.)

Eligibility/Data Integration

Contractor will provide eligibility maintenance (data integration) for the County. Contractor will send to the County vendors, eligibility files no less than twice per month, and no more frequently than once per day. Such files shall be full or change only (as requested by vendor) and shall include all eligibility information in the format required by each listed vendor.

Contractor's WORKTERRA system will provide the County with an online system to update all status and enrollment information necessary for the enrollment and termination of employees and eligible dependents into the covered Plans through the County data input. The County personnel will have varying levels of access to view all current coverage elections and/or enter change information on a daily basis. This internet-based application will be accessible by the County 7 days a week, 24 hours a day, subject to scheduled maintenance. The County must be notified of scheduled maintenance as soon as possible and no later than 4 hours (during a business day) prior.

Contractor's WORKTERRA system will hold all benefit elections for listed plans, calculate deductions for listed benefit plans, and calculate the deductions for the Medical and Dependent care reimbursement accounts. Contractor will provide reports for County to process deductions. County personnel will update demographic data in Workterra.

It is the County's responsibility to ensure that all plan and vendor information is accurate and up to date. Any changes to the vendors must be communicated to Contractor at least 45 days before the effective date of the required file delivery date to the new carrier.

The Benefits Administration module includes, without limitation, the following components:

1. Workterra – A benefits enrollment and employer eligibility administration program that provides administrators with decision-support environment to aid users with benefit election and change functions. Presentation of benefit choices for participants will be specific to the benefits for which they are eligible. The system will provide the ability to (i) perform real time calculations involving eligibility rules and cost calculations, and (ii) enter and manage demographic and dependent information.
2. Administrator – The administrative functionality contained within the system will allow the following day-to-day activities to be performed: (i) data maintenance including the ability to review and update employee demographic, dependent, employment, benefits election and benefit Plan data; (ii) the ability to manage both the current year and succeeding year's enrollment activities through one interface; (iii) the ability to view person, employment and election history at a specific point in time or on a sequential basis; and (iv) the ability to view and print a legal grade audit trail for each employee.

Reporter – An online application that will allow administrators to select, configure, schedule, run, view, download and print standard and ad hoc reports. Reports can be downloaded in a delimited format (including Excel) to be further manipulated.

Distribution – Contractor will distribute data to County and listed vendors. The distribution of all information will be in accordance with applicable laws and regulations, including the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”). All enrollment and change information will be provided to Plan providers electronically (unless the vendor requires otherwise) not less than twice per month and not more than once per day.

Workterra will be available 24 hours a day, 7 days a week, 365 days a year. Contractor will plan and schedule all maintenance and will notify the County as soon as possible prior to the scheduled maintenance window. Also, in case of a disaster, Contractor will revert to their disaster recovery plan, see Attachment B.

Services

5.1 COBRA

Contractor will provide COBRA administration for the County for the plans and carriers specifically noted herein. The administrative services included are:

The County will have the responsibility to ensure that EBS is notified of terminations or other qualifying events that cause a loss of coverage in a timely manner, Entering termination or other status changes that result in loss of coverage into Workterra is notice to

EBS.

The County will have online access to view all qualified beneficiaries in the COBRA system. The information that they will be able to view includes name, address, Date of Termination (DOT), Date of Birth (DOB), and ARRA qualification (if applicable). In addition the site allows the employer to see the dates that all correspondence have been sent. Payment information is also available including the last payment made (date and amount) and the next payment due (date and amount).

- COBRA participants will have online access to their payment and enrollment information.
- Contractor will bill the COBRA participants via coupons and collect payments made by check, or ACH debit or any other means used by the Contractor for collection of premiums.
- All payments will be posted to the individual accounts and be viewable online. The employer will be billed for the ARRA amounts (as applicable) and other severance agreements as reported to EBS. Premiums will be sent to vendors on a monthly basis. Note that Contractor will not send partial payments.
- All payments will be posted to the individual accounts and be viewable online. The employer will be billed for the ARRA amounts (as applicable), and the total premiums will be forwarded to the carriers once per month. Note that Contractor will not send partial payments to the vendors. Partial or incorrect participant payments will be need to be made in full by the grace period due date in order to be forwarded to the vendors. Incomplete or incorrect employer contributions will be required to be corrected in the following month's payment.
- Each month Contractor will bill the County for the federally mandated COBRA contributions (ARRA) for qualified participants during the period of the subsidy program. Contractor will send a billing statement that outlines the amount due for each qualified participant for the current month. In addition Contractor will provide documentation required for the subsidy refund to the Employer.
- Contractor will maintain the COBRA eligibility with the carriers via the regularly scheduled eligibility files. These files will be sent a minimum of twice per month and a maximum of once per day as per the carrier requirements. The COBRA information will be included with the active and retired participants.
- The County will have access through Workterra to run reports on all COBRA data. The County will have access directly to the COBRA system for additional reporting and participant access.
- Provide client monthly detailed reports of the COBRA administrative service activities during the preceding month. Information reported will include, but is not

limited to, eligible participant notices sent, election expiration dates, all premiums received, expiration and termination activity, listing of all elected participants, paid participants, and eligible participants and the last day of each eligible participant's corresponding election period.

- Provide additional notification and election services as may, from time to time, be required by changes in COBRA eligibility as defined by the Department of Labor or any other governing body. Additional charges may apply.

5.2 Consolidated Billing

Contractor will download all eligibility for the month for each plan and line of coverage included in the Workterra system. Contractor will create bills through the billing tool in the Workterra system, research adjustments, and create a final consolidated billing statement. The consolidated billing statement will include current and adjusted amounts due for each line of coverage for the plans and carriers listed herein.

Contractor will forward an electronic billing statement to the County on scheduled dates for approval of the premium payment. The EIA Health premium is due on the first day of the month of coverage necessitating payment the month prior to ensure timely delivery. Contractor will forward the premium and fee payments to all carriers and vendors with required back up documentation

Contractor will create the bills through the billing tool in the system, adjustments are researched, and then the final statement is created and sent to the County to review and forward funds to Contractor.

5.3 Retiree Administration

- Contractor will determine retirement eligibility based on the rules configured in Workterra as provided and approved by the County, and provide enrollment, plan and rate information to eligible employees through the Workterra system.
- The County will provide a list of retiree participants and will update Workterra with status changes.
- Retirees will enroll in benefits using Workterra. Their eligibility will be forwarded to the carriers, see attachment C, electronically along with the active and COBRA participants through the WT files that are sent to the listed vendors weekly. The County will be able to view the enrollment information online.
- Contractor will bill retirees via coupon billing, collect the premiums through hardcopy checks or ACH debit or any other means used by the Contractor for collection of premiums.

- Payments will be posted to the individual accounts. The employer and the retirees will be able to view the payment information and history online
- Contractor will send out letters to the retirees prior to their 65th birthday and enroll them in the Medicare supplement plans and forward the enrollments to the carriers as per their requirements. Contractor must be able to split family enrollment between carriers if necessary based on Medicare eligibility. (Letter up to 5 pages included other mailing quoted upon request).
- Contractor will terminate retiree coverage on the appropriate dates (if the retirees age out of the plans based on eligibility rules) and send out COBRA notices.
- Surviving spouses will be enrolled in coverage as per the eligibility rules.
- Provide a detailed report of Retiree Bill administrative service activities during the preceding month. Information reported, will include, but is not limited to, Retiree Bill Plan Participant invoices sent, detail of Retiree Bill Plan Participant premium received, expiration and termination activity, listing of all Retiree Bill Plan Participants, a list of Retiree Bill Plan Participants whose premium is past due, and who have been terminated for non-payment.

5.4 Section 125 Administration (FSA)

Contractor will provide Section 125 administration services (medical reimbursement and dependent care) for the employees of the County whose enrollment information is included in the Workterra system. Please see Attachment F for the Section 125 Administration Process Workflow.

The administrative services include claims adjudication. Participants can forward claims to Contractor via mail, fax, electronic and debit card. The mailed and faxed claims are adjudicated daily by the Contractor claims department based on the date on which they are received. The electronic submission of a claim requires copies of the substantiation to be mailed or faxed before a reimbursement can be processed. These are entered into the system based on the date on which they are received.

Debit card transactions are typically up to 85% auto-adjudicated for medical, prescription and dental expenses. Those that cannot be automatically approved will require substantiation which will be requested by Contractor.

- Contractor will perform one discrimination test per year at the end of the second or during the third quarter of the year. Contractor will provide the supporting documentation (schedule A) for form 5500 filing.
- Once per year Contractor will mail a hardcopy statement to participants to provide balance and claim information and remind them of the deadlines to incur and claim.

- Contractor will prepare a Summary Plan Description Document to the County which can be used by the County to copy and distribute to all FSA participants.
- Contractor will process via Web interface or electronic feed the County's FSA enrollments and changes.
- Contractor will process FSA reimbursement requests on a daily basis and mail reimbursement checks and issue direct deposits. (Monday through Friday)

Support

An account executive is assigned to the County and will be the County's main point of contact between and will proactively communicate with the County and EBS' internal service teams to ensure contract requirements are met on a daily basis. The account executive will analyze and assess the County's needs to identify strategic opportunities and recommendations and will oversee the County's entire service team.

The County will have additional Administrators that will be assigned to the County that will be familiar with the County's account and able to assist as needed. Among other tasks, the Administrators are responsible for research and resolution of individual participant's issues, problems and eligibility. Contractor's Customer Service Representatives (CSR) are also available and have access to specific information for the County for the administrative services offered to the County. A COBRA Administrator will be assigned to ensure the time-sensitive and accurate delivery of all required COBRA notifications, and will provide consistent administration and follow-up and resolution to all issues. A Billing Administrator will be assigned to reconcile and provide the County with the monthly vendor premium and fee billing.

A Section 125 Administrator will be assigned to upload reported contributions, reconcile the accounts, process the reimbursements, and manage the plan.

A Retiree Administrator will be assigned to upload all retiree information into the administration system, create and send coupons, collect payments, forward premiums to carriers with required detail, and enroll retirees in their benefit programs.

The County's support team will be evaluated throughout the length of the contract to ensure the number of support individuals is adequate to maintain expected service levels.

Call Center

Contractor has a bilingual call center with a toll free number that will be available from 8 am to 5 pm Pacific. Contractor's CSR's (Call Center Reps) have access to specific information that is pertinent to the County's benefit plans and participant's data for retiree, LOA, and COBRA and

Section 125 participants. Contractor offers web access to account information and a toll-free IVR system (IVR for flex only) that employees can access 24 hours a day, 7 days a week. Customer service is also available via e-mail and any correspondence from Contractor will be received from 8 am to 5 pm Pacific. All voicemails left and e-mails received after hours will be reviewed the next business day. See Attachment D for Call Center/Support Service Levels and Problem Management Escalation.

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Security

Covered Life Data Protection Requirements:

Contractor shall throughout the durations of this SOW:

- *Implement and maintain security procedures no less protective than those provided for under this SOW as of the Effective Date to prevent the unauthorized access to a disclosure, destruction, damage, loss or alteration of the Covered Life Data, taking into account the nature of the Covered Life Data.*
- *Take measures no less protective than those provided for under this Agreement as of the Effective Date against unauthorized or unlawful processing of the Covered Life Data and against accidental loss or destruction of, or damage to, any Covered Life Data*
- *Ensure that all Covered Life Data is protected in a manner no less protective than those provided for under this SOW as of the Effective Date from accidental and deliberate damage*
- *Maintain systems which detect and record any attempted damage or amendment to Covered Life Data*
- *House the Covered Life Data in physically secure premises protected at least by adequate fire protection and access control doors*
- *Deal promptly with any reasonable queries from the County relating to the processing of Covered Life Data*
- *Notify the County promptly of suspected breaches or compromises of the Covered Life Data or Contractor systems or networks that indirectly support the Covered Life Data (notice to be provided telephonically within 24 hours of the discovery of the suspected breach or compromise).*

Contractor shall ensure that any sub-contractor or affiliate utilized by Contract under this SOW accepts obligations in respect of Covered Life Data which are no less restrictive than those accepted by Contractor in this section.

Safety and Security:

Contractor shall maintain and enforce safety and security procedures in operating Contractor's network that are at least:

- *Equal to industry standards for such networks*
- *As rigorous as those procedures which are in effect for other similar networks then owned or controlled by Contractor, such safety and security procedures currently outlined in Contractor's security practices.*

- *Compliant with any safety and security requirements contained within the terms and conditions of this Agreement and also with any additional reasonable safety and security requirements requested by the County during the term of this Agreement, provided, that such requests do not result in a substantial increase in costs or expense to Contractor or the County.*

The County acknowledges that Contractor may amend, in part or in whole, the Security Practices without the County's consent or change the third-party reviewing and certifying Contractor's safety and security procedures; provided that Contractor shall not materially diminish or eliminate the level of security as set forth in the Security Practices without the County's prior written consent. Contractor may not amend any of the safety and security requirements contained in the Master Services Agreement or any others that do not pertain to this SOW unless such amendment is made in writing signed and agreed upon by both parties.

Backup and Disaster Recover:

Contractor will perform an incremental backup of its services, including all the County's data, on a daily basis and full backup on a weekly basis. Contractor shall provide, at all times during the term of this Agreement, reasonable disaster recovery for the Contractor's Network in accordance with the disaster recovery plan ("Disaster Recovery Plan"), see Attachment B. Contractor shall not materially diminish or eliminate the level of service provided under the Disaster Recovery Plan without the County's prior written consent.

Maintenance Windows; Updates:

Contractor will establish maintenance windows during which time Contractor may take down the Contractor's Network to conduct routine maintenance checks. If the Contractor Network will be down for more than thirty (30) minutes within this window, Contractor shall so advise the County prior to any scheduled maintenance. Contractor shall not be responsible for any damages or costs incurred by the County or any Covered Employee during or as a result of the scheduled down time. Contractor may change its maintenance window upon 24 hours notice to the County.

Period of Performance

This Statement of Work will be in effect for one (1) year, refer to the Master Services Agreement for termination rights. If any additional services need to be added a separate SOW will be negotiated and agreed up on by both parties. Any changes or extensions to this SOW will need to be agreed up on by both parties and an amendment executed.

Actual monthly charges is based on the number of covered lives in the system that are eligible for benefits on the day that that Contractor creates the billing statement. Contractor will download the billing statement on the agreed upon date each month or the Monday following if this date is on a weekend. The bills will be posted on a scheduled date to ensure payment for EIA Health on or before the 1st of each month.

Note: All change fees will be estimated and communicated in writing with an explanation of the charge and the anticipated completion date. Work will begin on proposed changes that require fees until the County has signed off on the formal change request form submitted by Contractor.

Invoicing:

Invoices will be uploaded to the EBS secure site for electronic access by the County.

This SOW may be executed in one or more counterparts, and if in more than one counterpart, each, when taken together, shall constitute one and the same instrument. Signatures on this SOW which are exchanged by facsimile or other electronic means are true and valid signatures for all purposes hereunder and shall bind the Parties to the same extent as original signatures.

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Attachment A
CHANGE REQUEST



Service Estimate

Employee Benefit Specialists

5934 Gibraltar Drive, Suite 206
Pleasanton, CA 94588

DATE: DECEMBER 14, 2011
EXPIRATION DATE: 30 DAYS FROM DATE

To Name
Title
Company
Street
City, State Zip

PREPARED BY EBS Contact
Title
Email Address
Phone

REPORT DETAILS	
Report Title & Description	
Purpose	
Data Fields	
Date Range	
Frequency	
File Format	
Requested Delivery Date	

TYPE	SERVICE DETAILS	QUANTITY	LINE TOTAL
	ESTIMATED TOTAL		

Based on the following terms:

- Services billed monthly as incurred unless otherwise noted.
- Applicable tax, and travel/business expenses if any, added and billed at cost.

Note: The service rate of \$135 per hour (billed in 15-minute increments) applies to work performed in 2010-2013. The proposed service costs listed above are estimates pending the establishment of a detailed, written Implementation Plan and/or set of specifications outlining your organization's needs. This estimate does not take into account any additional customized fields or functionality not specified in this document.

Acceptance: The signature below indicates review and acceptance of the pricing, terms and conditions specified in this proposal supersedes any prior discussions or proposals on these subjects. In addition, I understand that the pricing estimate for EBS services contained in this proposal is based on information available to EBS as of the date of the proposal. Actual service charges may be more or less than the estimate. If EBS anticipates that the services and accompanying charges will exceed the estimate, or if the requirements or specifications change, EBS will require client approval before completing or amending the services outlined in this proposal.

Signature _____

Print Name _____

Title _____

Date _____

THANK YOU FOR YOUR BUSINESS!

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ATTACHMENT B
BACK-UP AND DISASTER RECOVERY

Back Up and Recovery Documents Requested

Disaster Response

This section describes Contractor's six required responses to a disaster, or to a problem that could evolve into a disaster:

1. Detect and determine a disaster condition
2. Notify persons responsible for recovery
3. Initiate the Business Continuity Plan
4. Activate the designated warm site and/or Sister site
5. Disseminate Public Information
6. Proceed with Disaster Recovery Strategy

Each subsection below identifies the team(s) and/or position(s) responsible for each of these six responses.

Disaster Detection and Determination

The detection of an event, which could result in a disaster affecting information processing systems at Contractor, is the responsibility of the Information Systems team, or whoever first discovers or receives information about an emergency situation.

Disaster Notification

Information Systems will follow existing procedures and notify the individuals who are acting as the Business Continuity Management Team Duty Persons (DP)). The DP on call will monitor the evolving situation and, if appropriate, will then notify the Business Continuity Management Team representative based upon a predefined set of notification parameters.

When a situation occurs that could result interruption of processing of major information processing systems, the following people must be notified:

- Chief Technology Office
- IT Director
- Chief Operation Officer
- The Telecommunications Team Coordinator

Initiation of the Business Continuity Plan

Initiation of this Plan is the responsibility of the Business Continuity Management Team Coordinator or any member of the Business Continuity Management Team.

Activation of a Designated Warm Site and/or Sister Site

The responsibility for activating the designated warm site or sister site is delegated to the Chief Technology Officer. In the absence of the Chief

Technology Officer, responsibility reverts to the Director of Information Systems Operations. Within 2 hours of the occurrence, the Vice President for Information Systems, or alternate, determines the prognosis for recovery of the damaged functional area through consultation with Information Systems team members and the Business Continuity Management Team.

If the estimated occupancy or recovery of the damaged functional area cannot be accomplished within 24 hours, the usual occupants of the designated sister site are notified of the intention to occupy their facility.

Dissemination of Public Information

The Business Continuity Management Team is responsible for directing all meetings and discussions with all clients, news media and the public.

Recovery Status Information Number

This number will be established as a voice mail information number for posting recovery status and information notices. The Business Continuity Management Team will place all reports.

Disaster Recovery Strategy

The disaster recovery strategy explained below pertains specifically to a disaster disabling the main data center.

Especially at risk are the critical applications designated as Category I systems. The Plan provides for recovering the capacity to support these critical applications within 12 hours. Summarizing the provisions of the Plan, subsections below explain the context in which the Institute's Business Continuity Plan operates. The Business Continuity Plan complements the strategies for restoring the data processing capabilities normally provided by Operations & Systems.

This section addresses three phases of disaster recovery:

- Emergency
- Backup
- Recovery

Emergency Phase

The emergency phase begins with the initial response to a disaster. During this phase, an assessment of the damage is made to determine the estimated length of the outage. If access to the facility is precluded, then the estimate includes the time until the effect of the disaster on the facility can be evaluated.

If the estimated outage is less than 24 hours, recovery will be initiated under normal Information Systems operational recovery procedures. If the outage is estimated to be longer than 24 hours, then the Duty Person notifies the Business

Continuity Management Team, which in turn activates the Business Continuity Plan. The recovery process then moves into the back-up phase.

The Business Continuity Management Team remains active until recovery is complete to ensure that the Institute will be ready in the event the situation changes.

Back-up Phase

In the initial stage of the back-up phase, the goal is to resume processing critical applications. Processing will resume either at the main data center or at the designated warm site and/or sister site, depending on the results of the assessment of damage to equipment and the physical structure of the building.

In the back-up phase, the initial warm and/or sister site must support critical (Category I) applications for up to 2 weeks and as many Category II applications as resources and time permit. During this period, processing of these systems resumes, possibly in a degraded mode, up to the capacity of the warm site. Within this 2-week period, the main data center will be returned to full operational status if possible.

Recovery Phase

The time required for recovery of the functional area and the eventual restoration of normal processing depends on the damage caused by the disaster. The time frame for recovery can vary from several days to several months. In either case, the recovery process begins immediately after the disaster and takes place in parallel with back-up operations at the designated hot site. The primary goal is to restore normal operations as soon as possible.

Contractor's Business Continuity Plan (BCP) is designed to reduce the risk of a disaster causing sever damage to our data processing and telecommunications to an acceptable level by ensuring the restoration of Critical processing within 8 hours, and all essential production (Category II processing) within 1 week of the outage.

The Plan identifies the critical functions of Contractor and the resources required to support them. The BCP provides guidelines for ensuring that needed personnel and resources are available for both disaster preparation and response and that the proper steps will be carried out to permit the timely restoration of services.

The BCP specifies the responsibilities of the Business Continuity Management Team, whose mission is to establish company wide procedures to ensure the continuity of Contractor's business functions. In the event of a disaster affecting any of our functional areas, the Business Continuity Management Team serves as liaison between the functional area(s) affected and other departments within the

company as well as with any third party organizations.

BCP Overview

The following is a summary of the appendices/documents that should be included in a Business Continuation Plan.

Command Centers

The Command Center is to serve as an initial meeting place for the Recovery Management Team. Each site is to provide an on-site option as well as one option within a five-mile radius and one outside of a five mile radius. The general requirements are: accessible 24 hours a day, space for 10-15 people, telephones and fax machines on premises, modem connection and available for two days minimum.

Critical Services

The Critical Services appendix contains all critical business services and functions that are required to be maintained during a crisis. The Critical Services should include automated systems requirements, number of PCs required, number of telephones required, ACD requirements and resources required (human or other).

Customer / Provider Data

The purpose of maintaining Customer/Provider Data is to be proactive in contacting customers in the event of a business interruption. The Customer/Provider Data appendix should contain customer/company name, key contact name, name of employee responsible for making contact, customer/company address, telephone and fax numbers.

Emergency Procedures

The Emergency Procedures appendix contains site-specific procedures to be followed by all employees in case of emergency. The following procedures are the minimum required for each site: Personal Safety/Security, Medical Injury/Illness, Fire, Severe Weather, and Bomb Threat.

Employee Data

The Employee Data appendix contains the following information on all employees and contractors: Employee name, position/title, home address, home telephone, work telephone, cellular telephone, pager and alternate telephone numbers.

Call Trees

The Call Tree appendix contains the call trees for a site by business unit or department. It is imperative that each person is asked to contact no more than five individuals.

Recovery Teams

The Recovery Teams appendix contains the names of those serving on specific teams. Recovery Teams should be established by site location when ever possible and by business unit only when necessary. Each team must have a "Team Leader" and an "Alternate Leader".

Site Profile

The Disaster Recovery/Business Continuation departments in conjunction with Real Estate Services and Risk Management maintain information on the site. The information encompasses the site address, telephone and fax numbers, mail route, product lines, Real Estate Services representative, Property Manager/Landlord, rented square footage, floors occupied by company, number of workspaces and FTE's per floor, known hazardous chemicals in the building and directions and distance from the closest metropolitan airport.

Telecommunications

The Telecommunications appendix contains information on the phone system configuration, system type, circuit numbers, RJ locations, update/maintenance process, vendor notification procedures, documentation of all 800 and local numbers including their preplanned services assurance destination and customer message scripts and procedures for activation.

Systems

The Systems appendix contains information on hot site recovery agreements, disaster declaration procedures and authorization, hardware configurations, network configurations, and the actual hot site contract

Vital Records Storage

The Vital Records appendix contains information on off-site storage locations including maps and written directions to the site, copies of the contracts, off-site authorization lists and media retrieval procedures. The Vital Records appendix also contains the company's standards for non-mainframe tape backup procedures.

ATTACHMENT C
ACTIVE AND RETIREE PLANS AND CARRIERS

Active Plan Carriers:

1. Blue Shield - Medical
2. Kaiser – Medical
3. UnitedHealthcare – Medical
4. Delta Dental - Dental
5. VSP – Vision
6. The Standard – Basic Life
7. The Standard – Optional Life
8. The Standard – Spouse and Child Optional Life
9. The Standard – LTD
10. MHN - Mental Health Plans MHSA
11. MHN - EAP (Enrollment info only no files or payments will come through EBS)
12. American Specialty Health – Chiropractic services

Retirement Plan Carriers

1. Blue Shield - Medical
2. Kaiser – Medical
3. Delta Dental - Dental
4. VSP – Vision
5. MHN - Mental Health Plans MHSA
6. American Specialty Health – Chiropractic services

ATTACHMENT D
SERVICE LEVELS

- a. Billing and Reconciliation: Contractor is responsible for accurate payments and distributions for all products administered via Workterra. This includes all forms of payments from payroll deduction, bank drafts/EFT, and direct billing.
- 99% accuracy of billing to distribution Comment:
 - Bank Draft: amount drafted to amount paid to carriers
 - Deliver billing statements on or before scheduled dates 99% of the time¹
 - Contractor will process carrier payments with 98% accuracy rate²
- b. COBRA: Contractor requires administrators to respond to initial Employer inquiries within one (1) business day of receipt of a request. If the request for information requires research, Contractor personnel will give the Employer updates as to when they can reasonably expect a full answer, as well as an explanation of the process. Contractor personnel will maintain files of all e-mail requests for information and answers, and phone logs of all messages
- Contractor asserts that 95% of all Employer requests and inquiries will be responded to within one business day
 - 99% of all COBRA QE notifications will be sent out within 14 business days of receipt of hardcopy or electronic (including email) notice from the employer of a qualifying event with all required information
- c. Retiree and COBRA Bill Administration:
- Contractor asserts that 98% of all direct billing statements will be sent out in the required timeframe. This timeframe will be defined by THE COUNTY during implementation and agreed upon by both parties.
- d. Contractor asserts that 98% of all billing will be correct, according to information provided.

¹ In order for this standard to apply any required Employer information must be received on or before scheduled delivery dates in the agreed upon format. Contractor will not be responsible for delays caused by the employer, carriers, or any other factor that is beyond the immediate and direct control of Contractor. Contractor must have access to all information required to process the payments, adequate employer funds, and 45 day prior written notice of any plan changes, to be held responsible for any delays. To meet payment deadlines, Contractor will process all payments with the information available on the scheduled processing date

² Contractor will not be responsible for errors created by incorrect information provided by the employer, carrier or other outside party. Contractor will only be responsible for information that has been provided in the agreed upon time frame and format.

- For all other penalties for Billing and Reconciliation, COBRA and Retiree and COBRA Bill Administration, the following shall apply. For each failure to meet the monthly performance standards a \$200.00 credit will be issued to the next monthly invoice, not to exceed \$600.00 per month.
- Performance standards financial penalties will commence the month following the final agreement on all performance standards.

System Availability Commitment:

- a. The system will, subject to the Exceptions below, Workterra shall be available greater than or equal to 99% of the time, as measured monthly, from 8:00 AM to 5PM Pacific, Monday-Friday, excluding Holidays as defined in Attachment J (“Contractor’s Scheduled Holidays”). The system shall be available greater than or equal to 95% of the time during all other scheduled hours. The availability of the system for a given month will be calculated according to the formula included herein.
- b. For purposes of this calculation, the Workterra system will be deemed to be unavailable if its monitoring agent fails to respond to a request issued by Contractor’s monitoring software. Further, the Managed Device(s) will not be deemed Unavailable for any downtime or outages excluded from such calculation by reason of the exceptions set forth herein.
- c. Patch/Upgrade Notification and System Deployment. Contractor will provide Customer with notification of patches/updates within 5 business days after release. Installation services for patches/updates will be scheduled during a mutually agreed upon maintenance window where allowable, Contractor reserves the right to determine the scheduled for all upgrades and patches. Notifications and Deployment services are subject to the exceptions noted below.
- d. **Availability Calculation.** The availability of the Contractor Workterra System for a given month will be calculated according to the following formula (referred to herein as the “Availability”):

Where: **Total minutes in the month x total servers = TMM**

Total minutes in month Managed Device(s) unavailable = TMU

And: **Availability = ((TMM-TMU) x 100)/TMM**

Remedies. Subject to the exceptions provided for herein, Customer will have the rights set forth below.

If Supplier fails to meet the guaranteed Availability the County shall receive a percent credit issued by Supplier against the next month’s Service Fee for Health and Welfare Administration in accordance with the following:

AVAILABILITY	MONTHLY CREDIT
<99.00 to 97.00	2%
<97.00 to 95.00	5%
<95.00	7%

e. **Sevice Levels:** There shall be four problem levels, with the severity level initially determined by the County. In the event the parties are unable to agree upon the severity level, they shall work together to resolve such dispute in accordance with terms to be agreed upon in the definitive agreement. Contractor shall provide a telephone contact for Severity 1 and Severity 2 problems seven days a week, 24 hours a day. Telephone support for Severity 3 and Severity 4 shall be provided between 8:00 a.m. and 5:00 p.m. Pacific Time

- A **Severity 1** defect is one in which primary system functions of the Basic Services are non-operational. Contractor will remedy Severity 1 defects within one (1) business day (48 hours on weekends and holidays)
- A **Severity 2** defect is one in which the Basic Services are operational but main functionality is not available. Contractor remedy will Severity 2 defects within 24 hours (48 hours on weekends and holidays)
- A **Severity 3** defect is one in which the Basic Services are operational and the impact on the client is not severe. For Severity 3 defects, Contractor will initiate diligent efforts to eliminate noted systems problems within a mutually agreed upon time period. If no time frame is agreed upon, Contractor will remedy Severity 3 defects within five (5) business days.
- A **Severity 4** defect is one which has a minor impact. Characteristics include perceived shortcomings, dissatisfaction or questions with regard to the Basic Services. Contractor will, in cooperation with THE COUNTY, determine any necessary or operational action to take with respect to Severity 4 defects. Contractor will remedy Severity 4 defects within ten (10) business days.

Employee Benefit Specialists, Inc. (Contractor) will provide technical support Monday through Friday 8am to 5pm Pacific not including holidays to assist Customer with issues pertaining to the Workterra System for severity levels 3 and 4 (system). Times begin when monitoring alerts are discovered and validated. Support for Severity levels 1 and 2 are extended to the hours of 8 am to 5 pm CST and includes weekends.

Penalties/Monthly Credits.

- For any Severity 1 and 2 Error not resolved within the Downtime Range referenced in the table below the corresponding Penalty will apply.

Downtime Range in Hours for normal business hours (8am to 5pm Pacific not including holidays)	Penalty (Incident is each instance that causes downtime)
24-48	\$250 per incident
48-72	\$500 per incident
72-96	\$750 per incident
96 +	\$1,000 per incident
Downtime Range in Hours for outside normal business hours and holidays	Penalty
48-72	\$200 per incident
72-96	\$400 per incident
96 +	\$700 per incident

- For any Severity 3 defects not resolved in five (5) business days, Contractor will be penalized \$50 a day until resolved.
- For an Severity 4 defects not resolved in ten (10) business days Contractor will be penalized .05% of the total monthly fees for each month that the defect still exists.
- THE COUNTY may decline solely at their discretion any penalties if Contractor has communicated a plan to cure the remedy and THE COUNTY has determined that Contractor is proactively working to remedy the defect to THE COUNTY’s satisfaction.
- Total credits for all errors in a month not to exceed \$5,000.
- **Exceptions**
 - a. The Workterra System will not be considered to be Unavailable for any outage that results from maintenance performed by Contractor (i) of which Customer is notified 24 hours in advance; (ii) during Customer’s implementation period; or (iii) as a result of Customer requests outside of the normally scheduled maintenance.
 - b. The Workterra System will not be considered Unavailable for any outage unavailability due to Customer acts or omissions of Customer or its agents, failures of equipment or facilities provided by Customer, network unavailability outside of Contractor’s

system.

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ATTACHMENT E
Security Practices
FAQ System Security

DATA CENTER LOCATION

1. Logistics
 - 1.1. **Where will the application be hosted physically?** The application is hosted in Dallas, TX
 - 1.2. **Is the data retained at a central location?** Yes

DATA CENTER FACILITIES

2. Raised Floor
 - 2.1. **Does the ASP's data center have a raised floor?** Yes
 - 2.2. **If so, what was the date of installation and material type?** The floor was installed in 1998.
3. HVAC
 - 3.1. **Does the ASP have a HVAC?** Yes
 - 3.2. **What's the make and model of the HVAC?** The facility is equipped with Liebert 20 Ton split air cooled units.
 - 3.3. **What's the maintenance frequency?** Full maintenance is preformed every 6 months.
 - 3.4. **Who does the maintenance?** The maintenance is performed by an outside vendor.
 - 3.5. **Is redundancy manual or automated?** All units run 24/7 so if one drops off, the other units will provide additional cooling automatically through their temperature sensing controls. The area that lost a CRAC unit will be warmer.
4. Generator
 - 4.1. **Does the ASP have a generator?** Yes
 - 4.2. **What is the make, model, size, and fuel type of tank?** There are four diesel-powered generators; two are 2600 KW and two are 3600 KW. Each generator has a 3000-gallon tank.
 - 4.3. **What's the fuel run time based on fuel tank size?** The generator can run for 24 hours with the on-site load of fuel.
5. UPS
 - 5.1. **Does the ASP have a UPS?** Yes
 - 5.2. **What is the make, model, KVA rating, and number of batteries?** Two Liebert 500 KVA and two 750 KVA units, series 600T. Each unit has four battery cabinets with 40-batteries in each cabinet.
6. Fire System
 - 6.1. **Is there a fire system in place?** Yes
 - 6.2. **Is the fire system a pre-action system?**
The facility is protected by a pre-Action Sprinkler System. The pre-Action Sprinkler System is a dry pipe double-interlocked system. This prevents accidental discharge of water onto

computer equipment. There is no water in the sprinkler pipes and accidental loss of pipe air pressure or damage to a sprinkler head will not result in the discharge of water or opening of the water supply valves. The sprinkler system becomes charged (deluge valve opened) only when a smoke detector is activated (cross zone alarming) and there is a loss of air pressure in the piping.

6.3. What type of suppression and how often is it tested?

Maintenance is performed in accordance with Federal, State, and local Fire Codes and insurance requirements. The building Fire Alarm System, panels, horns, strobes, and detectors are tested annually per NFPA 72. The Pre-action (dry pipe) and building wet pipe Sprinkler Systems are tested quarterly in accordance with CA State Fire Marshal and Title 19 requirements, and annually to meet NFPA 13. The FM-200 System is tested semi-annually in accordance with NFPA 72. All inspection, testing, and maintenance are performed by factory certified and State licensed fire protection vendors.

7. Data Center Security

- 7.1. **What type of security facilities does the ASP have?** Closed Circuit Television, Bio-Metrics, All exterior doors are controlled by the access control system and require a coded security badge.
- 7.2. **Are their multi-levels within the facility?** Yes
- 7.3. **Is there remote monitoring 24 x 7?** Yes
- 7.4. **Is there direct alarm notification to the local police/fire departments?** Yes

DISASTER RECOVERY

8. Business Continuity in event of disaster

- 8.1. **How frequently do you practice your disaster recovery procedures?** At a minimum once annually.
- 8.2. **Where are disaster recovery operations performed?** Each facility
- 8.3. **What is your service level objective in the event your disaster recovery plan is implemented?** This differs based on client specific Service Level Agreements. In terms of a catastrophic event the plan calls for having the system available within 24 hours.

COMMUNICATIONS

9. Internet Service Provider (ISP)

- 9.1. **What ISP is used by the ASP provider?** Level3 and TimeWarner
- 9.2. **What bandwidth does the ASP have to that provider?** 3Gbps
- 9.3. **Are they a tier 1,2,or 3 provider?** Tier1
- 9.4. **If tier 2 or 3 what the subsequent connection bandwidth by that provider to a tier 1 provider?** N/A
- 9.5. **If tier 2 or 3, what's the over-subscription rate of the provider?** N/A
- 9.6. **Is the connection to the ISP redundant?** Yes
- 9.7. **Is hardware also redundant?** Yes
- 9.8. **Are their hot spares available on site?** Yes

10. Support / Monitoring

- 10.1. **Does the ASP have twenty-four hour support for problems relating to connectivity and ASP use to the site?** Yes
- 10.2. **Does the ASP offer any network reporting statistics?** Yes
- 10.3. **Does the ASP offer pro-active monitoring / notification to customer?** Yes
- 10.4. **Are statistics provided?** How often? No
- 10.5. **How long is their maintenance window and when is it?** Maintenance is performed M-F between 3 AM CT - 7 AM CT when needed.
- 10.6. **Will the ASP allow security audits on their firewall?** How often? No

11. Application

- 11.1. **How is the connection made to the ASP? Is it web browser based?** Yes all connection are made via HTTPS.
- 11.2. **Does it require an application be installed on PCs?** No
- 11.3. **Will the connections work through a proxy and firewall?** Yes as long as the computer can reach the web and the application URL.
- 11.4. **What requirements do you have on our intranet for connectability?** Computer must have access to the web and our application URL. The computer must be running version 6 or greater of IE or version 1.5 or greater of Firefox.
- 11.5. **What TCP/UDP ports does your application require?** Port 443

12. Security

- 12.1. **Is the communication to the ASP encrypted? Is so, what type of encryption do they utilize? Is that encryption 128 bit?** SLL encryption at 128 bit.
- 12.2. **Does the ASP have any Firewalls or Intrusion detection systems in place?** Yes, we run a DMZ
- 12.3. **Who is the manufacturer of these systems?** Cisco PIX 515
- 12.4. **What criteria does the ASP invoke to protect the on site application servers?** We have dedicated firewalls within the facility for our environment.
- 12.5. **Is the staff notified of any intrusions that may occur 24 x 7?** Yes
- 12.6. **Can the ASP show documented requirements (and ASP audit procedures) for customer network security to ensure that other ASP customers will not compromise the ASP backbone?** There is documentation in place for this that is proprietary in nature as Data Return configures its network in such a way to control this.
- 12.7. **Can the ASP show a documented process for evaluating operating system and application vendor security alerts and installing security patches and service packs?** A process is in place for this and is tested by an external auditor as part of the SAS-70 audit that occurs annually.
- 12.8. **Can the ASP show documented procedures for intrusion detection, incident response and incident escalation/investigation?** A process is in place for this and is tested by an external auditor as part of the SAS-70 audit that occurs annually.
- 12.9. **Does the ASP use a security service provider?** No

MID-RANGE SERVERS

13. Hardware Sharing

- 13.1. **Will the dbase servers used by for the system be dedicated or shared resources with other customers?** The database servers are shared by all customers. All customer data resides within its own virtual database.
- 13.2. **Will the applications servers used by Clients be dedicated or shared resources with other customers?** The app servers are shared by all clients.
- 13.3. **Will the terminal servers used by each client be dedicated or shared resources with other customers?**
- 13.4. **If customer applications are co-allocated on physical servers is there a documented set of controls used to ensure separation of data and security information between customer applications?**

14. Authentication

- 14.1. **Who will provide user authentication?** Our application.
- 14.2. **How will this authentication be provided?** Active Directory
- 14.3. **Do you support RADIUS or LDAP connectivity back to an employer for authentication?** Yes, we can provide single sign on from the client intranet. This requires additional implementation time.

BACKUPS/HISTORICAL DATA

15. Data Backups

- 15.1. **Describe frequency of data and transaction backups as well as the format and location of backed-up data.** All data is backed up hourly, daily, weekly and monthly. All data is encrypted and stored off-site.

16. Historical data

- 16.1. **What is the determining factor as to how much data can be retained for online access?** Data can remain on the server and available online as long as necessary with up to 100gb of data. Additional storage may be added as necessary for additional cost.
 - 16.2. **Are there costs associated with exceeding the above criteria?** Yes, once the client surpassed 100gb of data then additional costs will be added.
- 16.3. **Once purged how is it archived for future access to allow for IRS data retention requirements.** We do not purge data.
- 16.4. **If business relationship changes, (i.e. client changes software vendor), how is access to the data allowed for IRS data retention requirements?** We do not purge the data. If the client chooses to leave they are given time to download all data and store it at their site.

DATA CENTER OPERATIONS & PROCEDURES

17. Applications/change management

- 17.1. **Are client processes running monitored after hours and notification to customer of failure for resolution to be made during batch processing window?** Yes
- 17.2. **How does the ASP review the security of scripts and integration code that are added to the commercial applications it provides?** All scripts, code, etc are run through our testing protocol and initiated on our staging environment prior to being run in production.
- 17.3. **Does the ASP provide application or transaction-based intrusion detection services?** Yes

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Attachment F
Section 125 Administration Process Workflow

1. Employee elects either medical reimbursement or dependent care or both through Workterra
2. Election is fed to Contractor flex administration system
3. Employee incurs an expense using debit card- auto-adjudicated claims paid immediately using the card no further action necessary
 - a. Transactions update in system immediately – balance reflects the payment made through the card
4. Employee incurs expense using debit card which is not auto-adjudicated, the payment is made through the card- system flags for additional substantiation
 - a. Administrator reviews all flagged transactions
 - i. Request for additional information is e-mailed or mailed to the participant
 - ii. Participant mails in receipt or other proof of qualifying expense
 1. Substantiation is accepted no further action necessary
 2. Substantiation not sent or is not adequate to verify qualified expense debit card is turned off until remedied
 - a. Remedy – substantiation forwarded or new proof sent in
 - b. If expense was not qualified then the participant must send in claim(s) for other qualified expenses that total the non-qualified amount put through the card or the participant must send a check to Contractor to reimburse the account
5. Employee incurs expense and forwards claim to Contractor via fax or mail
 - a. Hardcopy claims are date stamped, forwarded to claims department and adjudicated based on date received. First claims received are first processed.
 - b. Faxed claims are all maintained in an electronic database and processed according to the time and date received.
6. Reimbursements are mailed via hardcopy checks or processed for direct deposit every day (Monday through Friday)

Employer Process –

1. Every pay period the employer forwards a file with a list of all current deductions for the pay period
2. Contractor uploads the reported deductions to the system to post to each individual account (this ensures that Contractor’s contributions to date totals match the payroll exactly and reduces over- payments)
3. Employer forwards funds that match the deduction file each pay period generally through ACH debit to avoid wire fees

4. Contractor reports information to the employer each month – and or employer can run reports through the online tool at anytime
5. Any unclaimed or unused balance will be remitted back to the Employer 180 days past the claims filing deadline (March 31).

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Attachment G
Contractor's Scheduled Holidays

1. February 21, 2011 President's Day
2. May 30, 2011 Memorial Day
3. July 4, 2011 Independence Day
4. September 5, 2011 Labor Day
5. November 24-25, 2011 Thanksgiving Day
6. December 23, 2011 Closed half day (12:30) for Christmas Eve
7. December 26, 2011 Christmas Day
8. January 2, 2012 New Year's Day

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Attachment H Fees

CSAC EIA Medical Members	Included w/ CSAC EIA
Medical Enrolled Non-CSAC EIA Medical	\$6.75 PEPM
Medical Enrolled Ancillary Plans	\$0.50 PEPM
Members who are Ancillary Enrolled only	\$0.00

Includes all services specifically listed herein.

FEE CHART:

CSAC-EIA Benefits Administration			
	Benefits Administration Active, Early Retiree, Cobra, Medicare Retiree	Per Employee Per Month Cost El Dorado County	Total Estimated Annual Cost El Dorado County
EIAHealth	Full Benefits Admin for EIAHealth Members (Includes web based eligibility maintenance system, consolidated billing, EDI feeds to carriers & payroll, retiree billing, reconciliation and customer service)	Included in EIAH rates	Included in EIAH rates
	COBRA Administration for EIAHealth members	Included in EIAH rates (2% administrative fee charged to participant)	Included in EIAH rates
	FSA Administration for EIAHealth members (With Debit Card)	Included in EIAH rates	Included in EIAH rates
Other Medical (except OE3)	Administration for Medical plans (Kaiser, Pacific Care) (Includes web based eligibility maintenance system, consolidated billing, EDI feeds to carriers & payroll, retiree billing, reconciliation and customer service)	\$6.75	\$55,242
	COBRA Services for Kaiser and PacificCare	Included in administration fee for Kaiser and Pacific Care (2% administrative fee charged to participant)	N/A
	FSA Administration for Kaiser & PacificCare members	Included in administration fee for Kaiser and Pacific Care (includes Debit Card)	N/A
Ancillary	Administration for Delta, VSP & Sun Life members (Includes web based eligibility maintenance system, consolidated billing, EDI feeds to carriers & payroll, retiree billing, reconciliation and customer service)	\$0.50	\$10,098
	COBRA Services for Delta, VSP & MHN EAP members	Included in the Benefits Administration Cost for <u>EIAHealth, PacificCare & Kaiser Medical Enrolled</u> (2% administrative fee charged to participant)	N/A

Installation Fees: While not typically assessed, EBS can charge a \$85 per hour Start-up Fees for customized programming. If customized programming is required, El Dorado County will be notified during the implementation process.