

State of Arkansas  
ARKANSAS INSURANCE DEPARTMENT  
1200 West Third Street  
Little Rock, Arkansas 72201

**REQUEST FOR PROPOSAL**

RFP Number:	Vendor:
Commodity: Workers Compensation Plan Administration System Agency: Arkansas Insurance Department	Proposal Opening Date:
Date:	Proposal Opening Time:

PROPOSALS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE DATE AND HOUR OF PROPOSAL OPENING AND VENDOR'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE ARKANSAS INSURANCE DEPARTMENT (AID).

**Vendors are responsible for delivery of their proposal documents to AID prior to the scheduled time for opening of the proposal. When appropriate, vendors should consult with delivery providers to determine whether the proposal documents will be delivered to the AID office street address prior to the scheduled time for proposal opening. Delivery providers, USPS, UPS, and FedEx deliver mail to street address, 1200 West Third Street, Little Rock, Arkansas 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.**

MAILING ADDRESSES: Arkansas Insurance Department Carol Stiffler 1200 West Third Street Little Rock, AR 72201
TELEPHONE NUMBER: 501-371-2807 E-MAIL: Carol.Stiffler@arkansas.gov

Company Name: \_\_\_\_\_

Name (type or print): \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Signature: \_\_\_\_\_

USE INK ONLY; UNSIGNED PROPOSALS WILL NOT BE CONSIDERED

Identification:

*	*
Federal Employer ID Number	Social Security Number

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY RESULT IN PROPOSAL REJECTION

Business Designation (check one):	Individual *	Sole Proprietorship *	Public Service Corp *
	Partnership *	Corporation *	Government/ Nonprofit *

TYPE OF CONTRACT:	Term
-------------------	------

**MINORITY BUSINESS POLICY:**

Minority participation is encouraged in this and in all other procurements by state agencies. Minority is defined by Arkansas Code Annotated § 15-4-303 as a lawful permanent resident of this state who is: African American, Hispanic American, American Indian, Asian American Pacific Islander American or a Service Disabled Veteran as designated by the United States Department of Veterans Affairs. The Arkansas Economic Development Commission conducts a certification process for minority business. Vendors unable to include minority-owned business as subcontractors “may explain the circumstances preventing minority inclusion.”

Check minority type:

African American\_\_\_ Hispanic American\_\_\_ American Indian\_\_\_ Asian American\_\_\_  
Pacific Islander American\_\_\_ Service Disabled Veteran\_\_\_

Arkansas Minority Certification Number\_\_\_\_\_

**EQUAL EMPLOYMENT OPPORTUNITY POLICY:**

In compliance with Arkansas Code Annotated §19-11-104, the Office of State procurement is required to have a copy of the Vendor’s Equal Opportunity Policy prior to issuing a contract award. EO Policies may be submitted in electronic format to the following e-mail address: [eeopolicy.osp@dfa.arkansas.gov](mailto:eeopolicy.osp@dfa.arkansas.gov), or as a hard copy accompanying the solicitation response. The Office of State Procurement will maintain a file of all Vendor EO policies submitted in response to solicitations issued by this office. The submission is a one-time requirement, but Vendors are responsible for providing updates or changes to their respective policies and of supplying EO policies upon request to other state agencies that must also comply with this statute. Vendors that do not have an established EO policy will not be prohibited from receiving a contract award, but are required to submit a written statement to that effect.

**EMPLOYMENT OF ILLEGAL IMMIGRANTS**

Pursuant to Arkansas Code Annotated §19-11-105, all Vendors must certify prior to award of the contract that they do not employ or contract with any illegal immigrants in its contract with the State. Vendors shall certify online at: [http://www.arkansas.gov/dfa/procurement/pro\\_index.html](http://www.arkansas.gov/dfa/procurement/pro_index.html).

**ALTERATION OF ORIGINAL RFP DOCUMENTS**

The original written or electronic language of the RFP shall not be changed or altered except by approved written addendum issued by AID. This does not eliminate an Offeror from taking exception(s) to non-

mandatory terms and conditions, but does clarify that the Offeror cannot change the original document's written or electronic language. If the Offeror wishes to make exception(s) to any of the original language, it must be submitted by the Offeror in separate written or electronic language in a manner that clearly explains the exception(s). If Offeror's/Vendor's submittal is discovered to contain alterations/changes to the original written or electronic documents, the Offeror's response may be declared as "non-responsive," and the response shall not be considered.

**REQUIREMENT OF AMENDMENT**

THIS RFP MAY BE MODIFIED ONLY BY AMENDMENTS WRITTEN AND AUTHORIZED BY AID. Bidders are cautioned to ensure that they have received or obtained and responded to any and all amendments to the RFP prior to submission.

**DELIVERY OF RESPONSE DOCUMENTS**

In accordance with the Arkansas Procurement Law and Regulations, it is the responsibility of Vendors to submit proposals at the place and on or before the date and time set in the RFP solicitation documents. Proposal documents received at AID after the date and time designated for proposal opening are considered late proposals and shall not be considered. Proposal documents that are to be returned may be opened to verify for which RFP the submission is made.

**ADDITIONAL TERMS AND CONDITIONS**

AID objects to and shall not consider any additional terms or conditions submitted by a vendor, including any appearing in documents attached as part of a vendor's response. In signing and submitting its proposal, a vendor agrees that any additional terms or conditions, whether submitted intentionally or inadvertently, shall have no force or effect. Failure to comply with terms and conditions, including those specifying information that must be submitted with a proposal, shall be grounds for rejecting a proposal.

**ANTICIPATION OF AWARD**

After complete evaluation of the proposal, the anticipated award will be posted on AID's website. The purpose of the posting is to establish a specific time in which vendors and agencies are aware of the anticipated award. The RFP results will be posted for a period of fourteen (14) days prior to the issuance of any award. Vendors and agencies are cautioned that these are preliminary results only, and no official award will be issued prior to the end of the fourteen day posting period. Accordingly, any reliance on these preliminary results is at the vendor's own risk.

AID reserves the right to waive this policy, the Anticipation to Award, when it is in the best interest of the State. Vendors are responsible for viewing the Anticipation to Award section of the AID web site at:

[http://insurance.arkansas.gov/index\\_htm\\_files/RFP-Plan-Admin.pdf](http://insurance.arkansas.gov/index_htm_files/RFP-Plan-Admin.pdf).

**PAST PERFORMANCE:**

In accordance with provisions of Arkansas Code §19-11-229, a vendor's past performance with the State may be used in the evaluation of any offer made in response to this solicitation. The past performance should not be greater than three years old and must be supported by written documentation on file in the Office of State Procurement at the time of the proposal opening. Documentation may be in the form of either a written or electronic report, VPR; memo, file or any other appropriate authenticated notation of performance to the vendor files.

**EO-98-04 GOVERNOR'S EXECUTIVE ORDER:**

Complete the Disclosure Forms posted with this RFP.

## **OUTSTANDING TAX LIABILITY**

Vendors must disclose the existence, as of the date of bid submission, of any unsatisfied lien, certificate of indebtedness, certificate of assessment, writ of execution, writ of garnishment, business closure order, civil action, or other indication of delinquency against vendors for any outstanding tax liability owed by vendors to any state taxing authority. Vendors acknowledge that a search of public records may be conducted to discover the existence of any unsatisfied tax assessments. Vendors further acknowledge that any unsatisfied liens, certificates of indebtedness, certificates of assessment, writs of execution, writs of garnishment, business closure orders, civil action, or other indication of delinquency for any outstanding tax liability owed by vendors may result in vendors being deemed non-responsible and their bids rejected.

## SECTION I GENERAL INFORMATION

### **1.0 INTRODUCTION**

This Request for Proposal (RFP) is issued by AID to obtain a contract for Workers Compensation Plan Administration.

### **1.1 ISSUING AGENCY**

The issuing office (AID) is the sole point of contact in the State for the selection process. Vendor questions regarding RFP related matters should be made in writing through Carol Stiffler, at carol.stiffler@arkansas.gov. Questions regarding technical information or clarification will be addressed through a scheduled, written Question & Answer process.

### **1.2 CAUTION TO VENDORS**

- A. During the time between the RFP opening and contract award, any contact concerning this RFP will be initiated by AID, and not the vendor. Specifically, the person(s) named herein will initiate all contact.
- B. Vendors are requested to respond to each numbered item or paragraph of the RFP.
- C. Vendor **shall** submit:
  - 1. One (1) signed original RFP response on or before the date specified on page one of this RFP. The response **shall** be signed in BLUE ink.
  - 2. Five (5) additional, complete hard copies (marked 'copy') of the signed proposal.
  - 3. One (1) electronic version of the signed proposal, preferably in MS Word/Excel format, on a CD or flash drive.
  - 4. Failure to submit the required number of copies with the proposal may be cause for rejection.
  - 5. If AID requests additional copies of the proposal, they **must** be delivered within twenty-four (24) hours of request.
- D. **Vendors should provide RFP responses in no more than one binder of up to 3". Additional information can be provided on an accompanying CD or flash drive.**
- E. For a RFP to be considered, an official authorized to bind the Vendor to a resultant contract **must** have signed the proposal.
- F. All official documents and correspondence **may** be included as part of the resultant contract.
- G. AID reserves the right to award a contract or reject a proposal for any or all line items of a proposal received as a result of this RFP. Proposals may be rejected for one or more reasons not limited to the following:
  - 1. Failure of the Vendor to submit proposal(s) on or before the deadline established by the issuing office.
  - 2. Failure of the Vendor to respond to a requirement for oral/written clarification, presentation, or demonstration.
  - 3. Failure of the Vendor to sign an official RFP document.
  - 4. Any wording by the Vendor in response to this RFP, or in subsequent correspondence, which conflicts with or takes exception to a requirement in the RFP.
  - 5. Failure of any proposed services to meet or exceed the specifications.

### **1.3 RFP FORMAT**

Any statement in this document that contains the word “**must**” or “**shall**” or “**will**” means that compliance with the intent of the statement is mandatory, and failure by the Vendor to satisfy that intent will cause the proposal to be rejected. **It is recommended that vendors respond to each item or paragraph of the RFP in sequence.** Items not needing a specific Vendor statement may be responded to by concurrence or acknowledgement; no response will be interpreted as an affirmative response or agreement to AID conditions.

Any additional information provided beyond the required items should be included as an appendix in the response. Reference to handbooks or other technical materials as part of a response **must not** constitute the entire response, and Vendor **must** identify the specific page and paragraph being referenced.

### **1.4 ACCOUNTING PROVISIONS**

The Vendor **shall** maintain all pertinent financial and accounting records and evidence pertaining to the resultant contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Arkansas.

### **1.5 TYPE OF CONTRACT**

The term of the resultant contract **shall** be for three (3) years.

### **1.6 PROPRIETARY INFORMATION**

Proprietary information submitted in response to this RFP will be processed in accordance with applicable State of Arkansas procedures. Responses and documents pertaining to the RFP become the property of the State and shall be open to public inspection subsequent to bid opening. It is the responsibility of the Vendor to identify all proprietary information. **The Vendor must submit one complete copy of the response from which any proprietary information has been removed, i.e., a redacted copy.** The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and should be submitted on a CD or flash drive. Except for the redacted information, the redacted copy **must** be identical to the original hard copy. The Vendor is responsible for ensuring the redacted copy on CD/flash drive is protected against restoration of redacted data. The redacted copy will be open to public inspection under the Freedom of Information Act (FOIA) without further notice to the Vendor. **If Vendor does not send a redacted copy, Vendor’s entire proposal will be open to public inspection with the exception of financial data.** If the State of Arkansas deems redacted information to be subject to the FOIA, the Vendor will be contacted prior to sending out the information.

### **1.7 RESERVATION**

This RFP does not commit AID to award a contract, to pay costs incurred in the preparation of a proposal in response to this request, or to procure or contract for services. The State reserves the right to accept or reject, in part or in whole, any or all proposals received as a result of the RFP, if it is in the best interest of the State to do so.

### **1.8 CLARIFICATION OF RFP AND QUESTIONS**

If additional information is necessary to enable vendors to better interpret the information contained in the RFP, written questions will be accepted until 4:00 p.m. CST on **January 3, 2014**. Vendor questions submitted in writing will be consolidated and will receive a response from AID. The consolidated written AID response is anticipated to be posted on AID website no later than **January 24, 2014**. Vendors shall submit completed bids no later than **January 30, 2014**.

### **1.9 PROPOSAL EVALUATION**

AID will evaluate all proposals to ensure all requirements are met and have a decision by **February 14, 2014**.

### **1.10 ORAL AND/OR WRITTEN PRESENTATIONS/DEMONSTRATIONS**

In the event AID deems it necessary to have the Vendor further explain the proposed services, the Vendor **shall** be required to make oral and/or written presentations to comply with the requirement. AID will schedule the time and location for each demonstration or presentation. All presentations are subject to be recorded.

All expenses associated with the initial demonstration except travel, meals, and lodging for State personnel, will be borne by the Vendor. Inability of the Vendor to provide an acceptable demonstration site will cause rejection of the proposal.

### **1.11 PRIME CONTRACTOR RESPONSIBILITY**

The Vendor **shall** assume prime contractor responsibility and **will** be the sole point of contact for any resulting contracts.

The Vendor **shall** give AID immediate notice, in writing, by certified mail of any action which, in the opinion of the Vendor, may result in litigation related in any way to the contract or the State.

The Vendor **must** represent and warrant to AID that as of the execution date of a resultant contract:

- A. The Vendor has been duly organized and is validly existing and in good standing under the laws of the State of Arkansas, with power, authority, and legal right to enter into a contract.
- B. There are no proceedings or investigations pending or threatened, before any court, regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Vendor or its properties (i) seeking to prevent the consummation of any of the transactions contemplated by a contract; or (ii) seeking any determination or ruling that might materially and adversely affect the performance by the Vendor of its obligations hereunder, or the validity or enforceability of a contract.
- C. All approvals, authorizations, consents, orders or other actions of any person, or of any governmental body or official, required to be obtained on or prior to the date hereof in connection with the execution and delivery of a contract and the performance of the services contemplated by a contract and the fulfillment of the terms hereof have been obtained.
- D. The Vendor and the executive officers of the Vendor have not been the subject of any proceeding under the United States Bankruptcy Code.

### **1.12 VENDOR INFORMATION**

- A. The State of Arkansas may not contract with another party:
  1. Upon default, to pay all sums to become due under a contract.
  2. To pay damages, legal expenses or other costs and expenses of any party.
  3. To continue a contract once the equipment has been repossessed.
  4. To conduct litigation in a place other than Pulaski County, Arkansas.
  5. To agree to any provision of a contract that violates the laws or constitution of the State of Arkansas.
- B. A party wishing to contract with the State of Arkansas should:
  1. Remove any language from its contract which grants to it any remedies other than:
    - a. The right to possession.
    - b. The right to accrued payments.
    - c. The right to expenses of de-installation.
    - d. The right to expenses of repair to return the equipment to normal working order, normal wear and tear excluded.
    - e. The right to recover only amounts due at the time of repossession and any unamortized nonrecurring cost as allowed by Arkansas Law.

2. Include in its contract that the laws of the State of Arkansas govern the contract.
3. Acknowledge that contracts become effective when awarded by AID.

### **1.13 DEFINITION OF TERMS**

AID has made every effort to use industry-accepted terminology in this RFP, and it will attempt to further clarify any point or item in question. The words "bidder", "vendor", "contractor", and "respondent" are used synonymously in this document. The term "agency" refers to the Arkansas Insurance Department (AID).

In the event of a difference of opinion between AID and the Vendor as to the meaning of any provision in these specifications, AID may request clarification, but if agreement cannot be reached, the decision of AID shall be final and controlling.

### **1.14 CONDITIONS OF CONTRACT**

The Vendor **shall** at all times observe and comply with federal and State laws, local laws, ordinances, orders, and regulations existing at the time of, or enacted subsequent to, the execution of a contract which in any manner affect the completion of the work. The Vendor **shall** indemnify and save harmless AID and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the Vendor.

### **1.15 STATEMENT OF LIABILITY**

The State will demonstrate reasonable care but **shall not** be liable in the event of loss, destruction, or theft of Vendor-owned equipment, software, or technical literature to be delivered or to be used in the installation of deliverables. The Vendor is required to retain total liability for equipment, software, and technical literature until the deliverables have been accepted by the "authorized agency official." At no time will the State be responsible for, or accept liability for, any Vendor-owned items.

In the event of non-performance of a contractual obligation by the Vendor or his agents which results in the determination by Federal authorities of noncompliance with Federal regulations and standards, the Vendor **will** be liable to AID in full for all penalties and sanctions assessed against AID.

### **1.16 AWARD RESPONSIBILITY**

AID will be responsible for award and administration of any resulting contract.

### **1.17 PUBLICITY**

News release(s) pertaining to this RFP or any portion of the project **shall not** be made by a Vendor without prior written approval of AID. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the Vendor's proposal. AID will not initiate any publicity relating to this procurement action before the contract award is completed.

### **1.18 CONFIDENTIALITY**

The Vendor **shall** be bound to confidentiality of any information that its employees may become aware of during the course of performance of contracted tasks in the event a contract is awarded. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the contract.

For purposes of a contract, any information furnished or made available to one party relating to the financial condition, results of operation, business, customers, properties, assets, liabilities or information relating to recipients and providers, including but not limited to Protected Health Information as defined by the Privacy Standards promulgated pursuant to the Health Insurance Portability and Accountability Act (HIPAA) of 1996, **shall** be collectively referred to as "Confidential Information." The Vendor **shall** treat all Confidential

Information which is obtained by it through its performance under the contract as Confidential Information to the extent that confidential treatment is provided under State and Federal law, and **shall not** use any information so obtained in any manner except as necessary for the proper discharge of its obligations and securing of its rights hereunder. The parties acknowledge that the disclosure of Confidential Information in contravention of the provisions hereof would damage the party to whom the information disclosed relates and such party shall have the right to seek all remedies at law or equity to minimize such damage and to obtain compensation.

### **1.19 COST**

A contract resulting from this Request for Proposal shall not cost any State monies in order to perform accordingly to this RFP.

### **1.20 SEVERABILITY**

If any provision of a contract, including items incorporated by reference, is declared or found to be illegal, unenforceable, or void, then both AID and the Vendor **shall** be relieved of all obligations arising under such provision. If the remainder of a resultant contract is capable of performance, it **shall not** be affected by such declaration or finding herein.

If any one or more of the covenants, agreements, provisions or terms of the resultant contract **shall** be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms **shall** be deemed severable from the remaining covenants, agreements, provisions or terms of the resulting contract and **shall not** in any way affect the validity or enforceability of the other provisions of the resulting contract.

### **1.21 CANCELLATION**

In the event AID no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, AID may cancel the contract or purchase order by giving the Vendor written notice of such cancellation thirty (30) days prior to the date of cancellation.

### **1.22 DELEGATION AND/OR ASSIGNMENT**

The Vendor **shall not** assign the contract in whole or in part, or any payment arising there from, without the prior written consent of AID. The Vendor **shall not** delegate any duties under this contract to a subcontractor unless AID has given written consent to the delegation.

AID **shall** have the right to require the Vendor to replace subcontractors who are found to be unacceptable.

**If any part of the work is to be subcontracted, responses to this RFP must include a list of such entities, including:**

1. Firm name and address
2. Contact person
3. Complete description of work to be done
4. Organizational relationship to vendor
5. Descriptive information concerning subcontractor's organizational activities

The Vendor **shall** give AID immediate notice in writing by certified mail of any action or suit filed, and prompt notice of any claim made, against the Vendor by any subcontractor or vendor which, in the opinion of the Vendor, may result in litigation related in any way to the potential resultant contract or the State.

### **1.23 IMPLEMENTATION DATE**

AID requires full implementation of a resultant contract no later than **July 1, 2014**.

#### **1.24 NEGOTIATIONS**

As provided in this RFP and under regulations, discussions may be conducted with responsible vendors who submit proposals determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of proposal response and negotiation for best and final offers.

**SECTION 2**  
**SPECIFIC REQUIREMENTS**

**2.0 PROJECT CONCEPT**

To solicit proposals from vendors who shall bid to provide a Workers Compensation Plan Administration, "Plan," program for the Arkansas Insurance Department, "AID."

**2.1 FACTORS TO BE GIVEN CONSIDERATION**

- A. Need for adequate and readily accessible coverage.
- B. Optional methods of improving the market affected.
- C. Need for reasonable underwriting standards.
- D. Need for adequate supervisory and servicing procedures to ensure proper operation of the Plan.
- E. Need to establish procedures that will have minimum interference with voluntary market.
- F. Distributing obligations imposed by Plan and any profits or losses experienced by the Plan equitably and efficiently among participating insurers.
- G. Establishing procedures for applicants and participants to have their grievances reviewed and resolved.

**2.2 PLAN REQUIREMENTS**

- A. The formulated Plan shall:
  - 1. Provide for the issuance of a policy covering the entire liability of the employer as to the business for which workers' compensation insurance has been rejected.
  - 2. Offer rates not excessive, inadequate, or unfairly discriminatory and provide supplementary rate information of the Plan that meets these standards.
  - 3. Seek Commissioner's approval prior to making any amendments to the Plan.
  - 4. Be filed with and approved by the Commissioner for all policy forms, rates, or supplementary rate information necessary to effectuate the Plan.
  - 5. All policies issued to employers shall be written utilizing the classification, forms, rate, and rating plans approved by the Commissioner and authorized for use in the residual market by the Plan Administrator.
  - 6. Provide the following services:
    - a. Administration services for the Plan
    - b. Application processing services
    - c. Accounting services
    - d. Establishment of service performance standards
    - e. Establishment of a dispute resolution process; and
    - f. Depopulation mechanisms for the Plan.
- B. Plan Administrator shall:
  - 1. Be designated by the Commissioner
  - 2. Have an office in Arkansas
    - a. Adequately staffed, including but not limited to appointing an Office Manager.
    - b. Outfitted and maintained to provide the Plan a high quality level of services delegated by the Commissioner.
    - c. Reasonably and readily accessible to the office of the Commissioner.
    - d. The office shall improve services provided by the Plan, promote and secure courteous and timely service and to assure the minimum standards of the Servicing Carriers are met.
    - e. Assist employers or agents with questions, problems, or complaints pertaining to the Servicing Carriers and secure and expedite prompt and fair treatment to employers for Servicing Carrier errors and service failures.

3. Seek Commissioner approval for operating rules, procedures, guidelines, and schedule of fees proposed to remit to producers for policies written and services provided under the Plan consistent with AID Rule 54 for the administration and operation of the Plan.
4. Publish and make available to all insurers and producers the operating rules, procedures, performance standards, and guidelines for the administration and operation of the Plan.
5. File with AID quarterly results of the plan, including, but not limited to, premiums written and earned, losses paid, incurred losses, and administration and Servicing Carrier allowances;
6. Undergo an independent comprehensive performance review as often as the Commissioner deems advisable, or not less frequent than one (1) time every five (5) years.
7. File quarterly results of the Plan and annual performance reviews and Plan results of each Servicing Carrier with AID.
8. Establish a submission method and review of applications submitted by employers or their representatives and be prepared to request additional discretionary information necessary to process the applications and/or deny applications when appropriate.
9. Calculate the initial or deposit premium, depending on state payment options, and inform the employer, his or her representative, or the producer of the applicable premium, using the submission options identified by the Plan Administrator.
10. Approve submission methods, including but not limited to the time frame, that the producer or employer must use to submit the total required initial or deposit premium.
11. Administer, manage, and enforce the Plan subject to the provisions of Rule 54.
12. Process assigned risk applications pursuant to the requirements of the Plan.
13. Establish eligibility criteria for Servicing Carriers and appointing Servicing Carriers, each of which shall be subject to the prior approval of the Commissioner.
14. Establish written performance requirements for Servicing Carriers, including but not limited to:
  - a. Verification of ongoing Plan eligibility of the employer
  - b. Timely and accurate issuance of policies and endorsements
  - c. Timely and accurate filings with administrative agencies, as required
  - d. Maintenance of premiums on policies consistent with manual rules, rates, rating plans, and classifications
  - e. Timely and accurate completion and billing of final audits
  - f. Collection of premium
  - g. Claim services, including investigation, disability management and medical cost control
  - h. Loss control services and safety information to encourage employers to make safety a part of their business
  - i. Cooperation with the Commissioner, with the Workers Compensation Commission, and Arkansas Department of Labor in carrying out and effectuating the safety mandates of the Workers Compensation Act, Arkansas Code §§ 11-9-102, et. seq., and such Rules and Regulations as may be promulgated thereunder.
  - j. Payment of producer fees
  - k. Issuance of renewal proposals and non-renewal notices
  - l. Assurance of insured and insurer compliance with all terms and conditions of policy contract
  - m. Resolution of complaints and response to insured or producer inquiries
  - n. Reporting financial and statistical data to producers and insureds, as well as to the Commissioner
  - o. Consult with and keep insureds apprised of developments in incurred claim cases.
15. Keep Servicing Carriers apprised of all required Performance Standards, monitor Servicing Carrier performance and enforce performance requirements and incentives.
16. Maintain a list of at least two (2) active-eligible Servicing Carriers that shall commit to adjust market share to cover up to 100% of the risk if necessary. The Commissioner may require more Servicing Carriers in consideration of market fluctuation if necessary.

17. File an annual report of the annual results of such direct assignment carriers similar to that applicable to Servicing Carriers.
18. Monitor the capacity of Servicing Carriers and the ability of the Servicing Carriers to handle assignments and notify the Commissioner if an adequate number of Servicing Carriers is unavailable.
19. Determine the methodology and formula for making assignments to Servicing Carriers pursuant to Section 15 of AID Rule 54 and securing the necessary information in order to make assignments.
20. Review and approve employer request for reassignment of Servicing Carriers and make that reassignment on a random basis.
21. File with AID an annual performance review and plan results of each plan Servicing Carrier.
22. Administer the dispute resolution mechanisms as provided in AID Rule 54, Section 16.
23. Develop and implement assigned risk operating rules and forms to the extent necessary to carry out the purposes of this Plan.
24. Inform the Commissioner of any insurer that is improperly not participating in this Plan.
25. Monitor the performance and operation of the Plan and initiate and request approval of amendments thereto as appropriate.
26. Determine the expenses for the operation of the Plan, exclusive of the Plan Administrator's expenses incurred in connection with responsibilities it has under the Articles.
27. Assess each insurer participating in the Plan for those expenses on an equitable basis as determined by the Plan Administrator and approved by the Commissioner.
28. File a quarterly statement of expenses for the operation of the Plan and a report of the quarterly results of the Servicing Carriers under the Plan with the Commissioner. The requirements of this report may be found at AID Rule 54, Section 8.E.
29. File with the Commissioner a performance review and evaluation of each Servicing Carrier in accord with the "Performance Standards and Procedures for Measuring Servicing Carrier Performance" in AID Rule 54, Section 12, and the criteria set forth in AID Rule 54, Section 8.D.
30. Establish written requirements that insurers must meet in order to be eligible to act as a Servicing Carrier.
31. Appoint a sufficient number, at least two (2), of Servicing Carriers as are needed to handle the assignments made pursuant to the Plan and, with approval of the Commissioner, may terminate the Servicing Carrier status of any insurer that fails to meet the Servicing Carrier requirements on a continuing basis.
32. Receive and review quarterly reports from the Servicing Carriers.
33. Establish written minimum levels of acceptable performance for Servicing Carriers and establish procedures for measuring Servicing Carrier performance.
34. Establish compensation for Servicing Carriers; thirty-three percent (33%) of the Servicing Carrier's remuneration shall be based upon how well or how poorly it complies with the standards for Servicing Carrier performance, including a review of collected premium as versus written premium and by review of loss ratios of its book of business and degree of improvement therein.
  - a. 35. Monitor and review Servicing Carrier performance by: Requiring and reviewing self-audits
  - b. Reviewing the quarterly and annual reports. Conducting on-site audits of all Servicing Carriers no less often than once per triennium, or at the discretion of the Commissioner.
  - d. Require Servicing Carriers to maintain desired performance levels and take appropriate remedial action where necessary.
  - e. Annually review of the violations of standards of performance.
36. Develop and administer a procedures for the issuance of multiple coordinated policies of workers' compensation and employers' liability insurance subject to the approval of the

Commissioner, meeting the standards of AID Rule 54, Section 11, which include but are not limited to:

- a. The multiple coordinated or group policies may only be issued to cover groups containing no fewer than five (5) separate employers who shall not be affiliated with one another in terms of ownership, control, or right to participate in the profits of an affiliated enterprise.
  - b. The sponsor or administrator of such policies must either be a general contractor meeting the financial capacity and continuity guidelines as shall be set forth in the rating plan and approved by the Commissioner or a recognized industry association which is incorporated or organized as a not-for-profit corporation or association and which has been in existence for no fewer than three (3) years prior to application or approval as a sponsor.
37. Provide to the Commissioner detailed procedures for the random distribution of employers based on the amount of estimated premium in the Plan and include discretionary ability of the Plan Administrator to override the random selection necessitated by the striking procedure, set forth in AID Rule 54.
  38. Handle disputes and complaints of any person affected by the operation of the Plan.
  39. Maintain necessary ratemaking data in order to permit the actuarial determination of rates and rating plans appropriate for the business insured through the Plan. Monitor both rate adequacy and Plan results, and notify the Commissioner if excessive losses are incurred.
  40. Develop an application incorporating a small deductible policy option and policy form, along with actuarially sound premium adjustments for submission to and approval by the Commissioner.

C. The Office Manager shall:

1. Have the authority to intervene with Servicing Carriers to secure an adequate level of service and prevent Servicing Carriers from imposing unreasonable demands or action.
2. Keep a record of all employer or agent problems and complaints of a Servicing Carrier, including a description of the problem. Record shall be provided to the Commissioner within sixty (60) days of each calendar year or upon the request of the Commissioner.
3. Promptly notify the Commissioner of any problems upon a request by an employer.

D. Servicing Carrier shall:

1. Be selected or appointed by the Commissioner
2. Undergo performance reviews as often as the Commissioner deems advisable.
3. Be subject to the Plan Servicing Carrier Standards pursuant to AID Rule 54.
4. Be prepared to furnish insurance in additional states in accordance with the Interstate Assignments section of the Plan.
5. Issue policies for a term of at least one (1) year, unless insurance for a shorter term has been requested. Short-term policy may be obtained only once within a twelve (12) month period unless agreed to by the Servicing Carrier.
6. Proceed according to Arkansas Code §11-9-408 in cancelling any binder or policy issued under the Plan, including the requisite notices to the employer and to the Workers Compensation Commission.
7. Provide quarterly reports to the Plan Administrator.
8. Be able to furnish insurance in additional states on a voluntary basis and in accordance with the law, rates, rules, classifications, and regulations applicable to the voluntary worker's compensation market in those states, or provide assigned risk coverage in additional states in accordance with AID Rule 54, Section 10.
9. Be responsible for all claims arising during period until they are finally settled if carriers are switched.

### **2.3 TRANSITION REQUIREMENTS**

- A. If AID contracts with a vendor other than the current service provider, upon execution of a contract with AID, the Vendor **shall** initiate those actions necessary to transition the services from the current provider. To the greatest extent possible and practical, it is expected that the Vendor **shall** be responsible for providing all services to execute the successful transition of services. Except for as specifically agreed to by AID, it is anticipated that AID's main role shall be supervisory to ensure that all of AID's needs are sufficiently and successfully met.
- B. All actions necessary to perform the transition **shall** be coordinated with AID and the existing service provider. AID **shall** have final authority regarding all actions taken to transition these services.
- C. Vendor **must** work with the previous service provider to transition cases in a manner that will not negatively impact the care of the members.
- D. Prior to implementation of the Plan Administration program, Vendor shall create forms as similar in substance and nature as feasible to the forms currently utilized by AID.

### SECTION 3 INFORMATION REQUIRED FOR EVALUATION

The following elements of the RFP are designed to illustrate vendor qualifications and abilities in providing the services and support envisioned under this RFP. Each item **must** be addressed as written, and should be within the limited word count if indicated. Additionally, many questions require answers or supporting documentation to be provided **in electronic format**. Where this is stated, **an electronic copy is the only copy required**, and it is **strongly preferred** that the information **not** be included in the hard copy of the submission. This specified material should be provided **on an accompanying CD or flash drive** in a clearly indicated naming structure.

Because of the continually evolving technology and practices in the case management industry, AID reserves the right to improve the processes, procedures, and services put in place under the resulting contract by adding optional vendor services that are currently available, or may become available, during the contract period. Vendors are encouraged to provide information on any additional innovative ideas or options that are currently available, or may become available during the contract period, and that may fall beyond the scope of the information requested in Section 3 and which are better than or equal to the required scope of work in Section 2. If a particular service requires explanation, provide that information on a separate document along with the proposal submission.

#### **3.0 CORPORATE PROFILE AND QUALIFICATIONS**

- A. How many years of experience does Vendor have in administration of the worker's compensation field? Please describe Vendor's experience working with state government in an administrative capacity, include a listing of states and dates where similar services are provided.
- B. What national standards or entity accreditations in worker's compensation administration does Vendor possess or is currently in the process of obtaining?
- C. Describe Vendor's corporate structure (i.e. Is your company a publicly traded stock company, privately held, or other?).
- D. What co-owned ventures does your company have that might be considered a conflict of interest? Please describe if applicable.
- E. Describe your firm's quality control policies and procedures.
- F. Describe any involvement in any lawsuits or regulatory action concerning the requested services within the last ten (10) years. Describe the result of each lawsuit or regulatory action.
- G. Provide audited financial statements for the past three (3) years, or if unable to submit audited financial statements, submit other financial documentation that reflects the financial condition of the Vendor. If such information is to be considered confidential, it should be marked as such.
- H. Provide a statement of market differentiation as to why Vendor is best suited to serve AID's needs.  
**(Should be 500 words or less)**

#### **3.1 PLAN ADMINISTRATION**

- A. How does Vendor plan to make and justify assigned risk rates?
- B. How will Vendor monitor for anti-fraud and noncompliance of policy holders seeking coverage in the residual market? Describe databases and processes used to do this.

- C. Describe Vendor's process for filing rate plans, rules, and performance standards.
- D. If do not obtain reinsurance, explain how Vendor will handle other state exposure with Arkansas accounts.

### **3.2 SERVICING CARRIERS**

- A. Explain how Servicing Carriers will handle other state exposure with Arkansas accounts.
- B. Name at least two (2) Servicing Carriers that are committed to participate and willing and able to adjust market share to cover up to 100% of the risk if necessary.

### **3.3 ADDITIONAL CRITERIA**

- A. Provide information regarding the experience of the staff assigned this project in providing plan administration services. Include a proposed staffing plan and applicable certifications or degrees held.
- B. How will Vendor handle large catastrophic losses?
- C. Provide a detailed description of the process to request reports. Include an estimated turnaround time for these reports.
- D. In PDF format, provide examples of all available reports, including quarterly and annual reports. **(Should be in electronic format only.)**
- E. Provide information regarding data processing resources, online application process services, automated carrier bid submissions, Servicing Carrier audits, proof of coverage reporting, etc. Include a listing of other states in which Vendor currently provides these services.
- F. Provide an itemized list of expenditures to be charged to AID.

### **3.4 IMPLEMENTATION PLAN**

- A. Specify, to the greatest degree possible, the activities that are to be undertaken to transition and implement the required services. This **must** include the following:
  - 1. Step-by-step timetable for the implementation of the Plan, and the names of the persons involved in each step.
  - 2. Resource requirements necessary to successfully complete the transition and implementation.
  - 3. Resource requirements **must** include any required input from the staff of AID or the current provider and an estimate of the amount of AID or current provider staff time required.

### **3.5 VENDOR REFERENCES**

- A. Provide at least six (6) reference accounts located in the United States who have been provided, in the last five years, client services of a same or similar nature as those described in this FRP. Reference must include, contact person, telephone number and email address.
- B. The provided references will be contacted and asked to confirm:
  - 1. That the Vendor has, under previous agreement, successfully performed work of a similar nature to that detailed in this RFP.
  - 2. That the Vendor met all obligations under aforementioned agreement with regard to the quality of work, completion date, and agreed upon dollar amount (if applicable).
  - 3. That the Vendor and all staff conducted themselves in a highly professional and ethical manner.

# CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, or grant award with any Arkansas State Agency.

SUBCONTRACTOR: \_\_\_\_\_ SUBCONTRACTOR NAME: \_\_\_\_\_

**Yes**  **No**

IS THIS FOR:  **Goods?**  **Services?**  **Both?**

TAXPAYER ID NAME: \_\_\_\_\_

YOUR LAST NAME: \_\_\_\_\_ M.I.: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP CODE: \_\_\_\_\_ COUNTRY: \_\_\_\_\_

**AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:**

## FOR INDIVIDUALS \*

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (✓)		Name of Position of Job Held <small>(senator, representative, name of board/ commission, data entry, etc.)</small>	For How Long?		What is the person(s) name and how are they related to you? <small>[i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]</small>	Relation
	Current	Former		From MM/YY	To MM/YY		
General Assembly	<input type="checkbox"/>	<input type="checkbox"/>					
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>					
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>					
State Employee	<input type="checkbox"/>	<input type="checkbox"/>					

None of the above applies

## FOR A VENDOR (BUSINESS) \*

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held <small>(senator, representative, name of board/ commission, data entry, etc.)</small>	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?		
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly	<input type="checkbox"/>	<input type="checkbox"/>						
Constitutional Officer	<input type="checkbox"/>	<input type="checkbox"/>						
State Board or Commission Member	<input type="checkbox"/>	<input type="checkbox"/>						
State Employee	<input type="checkbox"/>	<input type="checkbox"/>						

None of the above applies

## Contract and Grant Disclosure and Certification Form

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.

2. I will include the following language as a part of any agreement with a subcontractor:

*Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.*

3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Vendor Contact Person \_\_\_\_\_ Title \_\_\_\_\_ Phone No. \_\_\_\_\_

Agency use only  
Agency Number \_\_\_\_\_ Agency Name \_\_\_\_\_ Agency Contact Person \_\_\_\_\_ Agency Contact Phone No. \_\_\_\_\_ Contract or Grant No. \_\_\_\_\_