



Department of Budget and Finance

RELEASE DATE: September 25, 2019

REQUEST FOR PROPOSALS RFP NO. 20-001

SEALED PROPOSALS FOR PROJECT MANAGEMENT AND CONSULTING SERVICES FOR A NEW HEALTH BENEFITS ADMINISTRATION SYSTEM

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS
TRUST FUND (EUTF)

WILL BE RECEIVED UP TO 12:00 PM, HAWAII STANDARD TIME (HST) ON

Friday, October 25, 2019

AT THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND, CITY FINANCIAL TOWER,
SUITE 1700, HONOLULU, HAWAII 96813. DIRECT QUESTIONS RELATED TO THIS SOLICITATION TO
DEREK M. MIZUNO, EMAIL: EUTF.RFP@HAWAII.GOV

Derek M. Mizuno
Procurement Officer

RE: Request for Proposals – RFP No. 20-001, Project Management and Consulting Services for a New Health Benefits Administration System

Proposal Due Date: Friday, October 25, 2019, 12:00 PM, HST

The Hawaii Employer-Union Health Benefits Trust Fund (EUTF) is issuing this Request for Proposals (RFP) to identify the highest quality organization to provide project management assistance and consulting services in support of a new Benefits Administration System (BAS) solution. The EUTF seeks Project Management to assist the EUTF in providing organizational leadership and oversight for the BAS project and perform all project management assistance tasks assigned by the EUTF to ensure successful implementation of a new BAS solution.

This RFP has been divided into Sections that outline the items that are to be included in an OFFEROR's proposal (refer to the Table of Contents).

Each proposal must anticipate that the OFFEROR will provide those services outlined in this RFP without exception unless said exception is specifically identified in the proposal and identified in Attachment 3, *Exceptions*. Any deviations from the specifications should be clearly noted in Attachment 3 and may disqualify the proposal from consideration as not responsive. Exceptions to Attachment 6, *Performance Guarantees* will not be accepted by the EUTF.

Attachment 3, *Offer Form, OF-2* included in this RFP (Section VI) shall be used for all cost information; other formats will not be accepted. Footnotes to the form may be used to provide supplemental explanations, if necessary.

This RFP is the property of the EUTF. It is to be used by those companies, organizations, and individuals to whom copies have been sent solely for the purpose of preparing proposals for the services described herein.

TABLE OF CONTENTS

	PAGE
SECTION I ADMINISTRATIVE OVERVIEW	4
SECTION II SCOPE OF WORK	20
SECTION III PROPOSAL INSTRUCTIONS	29
SECTION IV PROPOSAL EVALUATION	35
SECTION V CONTRACT AWARD	40
SECTION VI ATTACHMENTS AND EXHIBITS	43
ATTACHMENT 1: OFFER FORM, OF-1	
ATTACHMENT 2: OFFER FORM, OF-2	
ATTACHMENT 3: EXCEPTIONS	
ATTACHMENT 4: INTENT TO BID FORM	
ATTACHMENT 5: CONFIDENTIAL INFORMATION	
ATTACHMENT 6: PERFORMANCE GUARANTEES	
EXHIBIT A: CONTRACT FORM AND GENERAL CONDITIONS	
EXHIBIT B: BUSINESS ASSOCIATE AGREEMENT	
EXHIBIT C: FEASIBILITY STUDY REPORT	
EXHIBIT D: EUTF ADMINISTRATIVE RULES	

SECTION I: ADMINISTRATIVE OVERVIEW

1.1 BACKGROUND

This Request for Proposals (RFP) is issued by the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), an agency of the State of Hawaii (State). The EUTF was established by Act 88, 2001 Session Laws of Hawaii (SLH). Act 88 was partially codified as Chapter 87A, Hawaii Revised Statutes (HRS). Under HRS Chapter 87A, the EUTF is authorized to design, provide, and administer health and other benefit plans for State and county employees, retirees, and their dependents (aka “employee-beneficiaries” and “dependent beneficiaries”). The benefit plans include medical, prescription drug, vision, dental, chiropractic, and life insurance. The EUTF currently provides benefit plans to over 118,000 subscribers which include employees and retirees. When dependents are included, the participant count is approximately 198,000. The EUTF’s fiscal year is July 1 through June 30. Active employee plans are on the July 1 to June 30 fiscal year and retiree plans are on a calendar year basis (January 1 to December 31).

The EUTF is administered by a board of 10 Trustees (Board), who are appointed by the Governor. Five (5) Trustees represent the employee-beneficiaries, one (1) of whom represents retirees. These five (5) Trustees are selected by the Governor from a list of candidates provided by exclusive employee representative organizations. The remaining five (5) Trustees represent the public employers. The Board’s responsibilities include determining the nature and scope of benefit plans; negotiating and entering into contracts to provide such plans; establishing eligibility and management policies; and overseeing all EUTF activities. The Board has adopted rules to administer the EUTF; see Exhibit D, *EUTF Administrative Rules*.

The EUTF’s day-to-day operations are administered by an administrator appointed by the Board (Administrator). The Administrator is assisted in managing the EUTF by an Assistant Administrator, a Member Services Branch Manager, a Financial Management Officer, and an Information Systems Chief. The EUTF is organized under three (3) branches: Member Services, Financial Services, and Information Systems. The Member Services Branch Manager oversees the Member Services Branch and is supported by employees assigned customer service duties such as answering phone calls and responding to emails from members and processing enrollment submissions for active employees and retirees. The Financial Management Officer is supported by accountants and account clerks who reconcile employee accounts, collect employer/employee contributions for health benefits, and process all payments. The Information Systems Chief is supported by information technology (IT) specialists and provides internal IT support services, Health Insurance Portability and Accountability Act of 1996 (HIPAA) security responsibilities and coordinates additional support services provided by the State Department of Accounting and General Services.

1.2 PURPOSE

The EUTF is issuing this RFP to identify the highest quality organization to provide project management assistance and consulting services in support of a new Benefits Administration System (BAS) solution. The EUTF seeks Project Management to assist EUTF in providing organizational leadership and oversight for the BAS project and perform all project management assistance tasks assigned by the EUTF to ensure successful implementation of a new BAS solution.

The EUTF's operations are currently supported by an outdated version of a BAS solution supported by Vitech, Inc., which was implemented in 2009.

A feasibility study was performed by Public Consulting Group, Inc. (PCG) to determine if the EUTF should upgrade its existing BAS or implement a new solution. Based on PCG's research, market survey, and alternatives analysis, PCG has made a recommendation to implement a new solution. The new solution would consider both options of a standalone marketplace solution or the leveraging of the State's PeopleSoft Human Capital Management/Human Resources (HCM/HR) solution to replace the EUTF's existing BAS through the State's procurement/contract process. The feasibility study report is included as Exhibit C in this RFP.

The EUTF contracted Linea Solutions, Inc. to perform systems requirements analysis and develop an RFP for solicitation of a new BAS, which is scheduled to be issued at the end of September 2019.

The specific objectives of this RFP are to identify and select a qualified OFFEROR that:

- a) Has an understanding of various large system computing platforms and the future direction of these platforms, including cloud-based platforms and solutions;
- b) Has an extensive understanding of health benefits administration systems;
- c) Has experience with modernization and migration of legacy systems;
- d) Has demonstrated experience using industry-standard project management practices;
- e) Has knowledge of the requirements, regulations, and experience with HIPAA;
- f) Evaluates the project to ensure that it is following a structured and defined approach;
- g) Prepares periodic project assessments and progress reports;
- h) Provides feedback and direction as needed;
- i) Collaborates with the EUTF project manager regarding project risks and risk mitigation strategies as well as issue monitoring and resolution;
- j) Ensures processes for quality assurance are present and executed;
- k) Reviews the project system development documents and deliverables to ensure accuracy and completeness;
- l) Develops metrics to monitor project quality;
- m) Adheres to the EUTF's approved schedule and provides timely, accurate, and reliable status information; and
- n) Oversees user acceptance testing activities.

1.3 TERMS AND CONDITIONS USED THROUGHOUT THE SOLICITATION

BAFO	=	Best and Final Offer
CPO	=	Chief Procurement Officer
EUTF	=	Hawaii Employer-Union Health Benefits Trust Fund
GC	=	General Conditions, issued by the Department of the Attorney General
GET	=	General Excise Tax
HAR	=	Hawaii Administrative Rules
HOPA	=	Head of the Purchasing Agency
OFFEROR	=	Any individual, partnership, firm, corporation, joint venture, or representative or agent submitting an offer in response to this solicitation
Procurement Officer	=	The contracting officer for the EUTF
RFP	=	Request for Proposals
State	=	State of Hawaii, including its departments, agencies, and political subdivisions

1.4 AUTHORITY

This RFP is issued under the provisions of Chapter 87A and 103D, HRS, and the implementing Administrative Rules. All prospective OFFERORS are charged with presumptive knowledge of all requirements of the cited authorities. Submission of a proposal by any prospective OFFEROR shall constitute a representation of such knowledge on the part of such prospective OFFEROR.

1.5 ISSUING OFFICE AND CONTACT INFORMATION

This RFP is issued by the EUTF. The individual listed below is the contract administrator, procurement officer, and sole point of contact from the release date of this RFP until the award to the successful OFFEROR. Questions will be accepted only if submitted in writing and received on or before the date and time specified in Section 1.6, *RFP Schedule and Significant Dates*.

Mr. Derek M. Mizuno
State of Hawaii
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1700
Honolulu, Hawaii 96813
Fax: (808) 586-2320
Email: EUTF.RFP@hawaii.gov

A copy of this RFP can also be obtained from the EUTF website at: (<https://eutf.hawaii.gov/about-eutf/procurement/>).

1.6 RFP SCHEDULE AND SIGNIFICANT DATES

Proposals must be received by **Friday, October 25, 2019, 12:00 PM, HST**. Late proposals will be rejected and not considered. The table below represents the schedule that will be followed. All times are based on HST. The EUTF reserves the right to change any date(s) and times as deemed necessary and in the best interest of the State.

Release of RFP	September 25, 2019
Deadline to submit Intent to Bid Form	October 4, 2019
Due date to submit written questions	October 8, 2019
State’s response to written questions distributed	October 14, 2019
Proposals due	October 25, 2019, 12:00 PM
1st evaluation committee meeting to score proposals/determine Priority-Listed OFFERORS (PLO)	November 5, 2019
2nd evaluation committee meeting to conduct PLO interviews	November 12, 2019
Best and Final Offers (BAFOs) due	Week of November 18, 2019
3rd evaluation committee meeting to do final scoring of BAFOs	Week of November 25, 2019
Notice of contract award	December 18, 2019
Contract start date	April 1, 2020

1.7 COMMUNICATIONS WITH THE EUTF

OFFERORS and prospective OFFERORS (including agents of OFFERORS and potential OFFERORS) shall not contact any member of the EUTF Board or any member of the EUTF staff except as specified in this RFP. An exception to this rule applies to companies who currently do business with the EUTF, provided that any contact made by any such company should be related to that business and should not relate to this RFP.

All questions regarding the RFP document shall be submitted in writing to the authorized contact person noted in Section 1.5, *Issuing Office and Contact Information*. To facilitate a meaningful response, written questions shall reference the page, paragraph, and line or sentence to which the question relates. Such inquiries must contain identification of the OFFEROR, its email address, telephone and fax numbers, and the RFP number. Questions will be accepted until the due date to submit questions specified in Section 1.6, *RFP Schedule and Significant Dates*. No telephone calls will be accepted. The EUTF will respond to questions through addenda/amendments by the date specified in Section 1.6, *RFP Schedule and Significant Dates* and responses to all questions will be available on the State Procurement Office (SPO) website via the Hawaii Awards & Notices Data System (HANDS) (<https://hands.ehawaii.gov/hands/welcome>) and the EUTF website

(<https://eutf.hawaii.gov/about-eutf/procurement/>). The EUTF is not responsible for delays or non-receipt of such responses or any communications by the OFFERORS.

1.8 SUBMISSION OF PROPOSALS

OFFERORS must carefully examine this RFP, all amendments issued via addendum, all required contract forms, and other documents, laws and rules, as necessary, before submitting a proposal. The submission of a proposal shall be considered to be a warranty and representation that the OFFEROR has made a careful examination and understands the work and the requirements of this RFP. Each qualified OFFEROR may submit only one (1) proposal.

OFFERORS shall submit all of the following:

- One (1) signed master proposal. The master proposal must be single-sided, unbound, and clearly marked, “Master.”
- Six (6) hard copies of the proposal. Each copy shall be marked, “Copy ____ of 6.” Copies may be bound and double-sided.
- Two (2) electronic copies (on two (2) CDs or flash drives) of the master proposal and a redacted version of the proposal. The redacted version of the proposal shall redact any proprietary and confidential, trade secret information in the form of marked out pages (blacked out) of the master proposal for submission to the public under any request compliant with the public information disclosure laws of the State.

The OFFEROR’s proposal, including **all** of its required submission types as noted above, must be received by the EUTF no later than the closing date and time specified for the receipt of proposals as specified in Section 1.6, *RFP Schedule and Significant Dates*. Faxed or emailed proposals will not be considered. Handwritten proposals will be rejected.

OFFERORS are encouraged to confirm their delivery agent’s requirements for Hawaii. Proposals must be received by the EUTF no later than **Friday, October 25, 2019, 12:00 PM, HST** to:

Mr. Derek M. Mizuno
State of Hawaii
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1700
Honolulu, Hawaii 96813

If a proposal is hand-delivered via courier (e.g., FedEx, UPS), the outside packaging shall be marked, “RFP No. 20-001, Hand-delivered, proposal due, Friday, October 25, 2019, 12:00 PM, HST.”

The outside cover of the packaging containing the proposal shall be marked:

State of Hawaii
Hawaii Employer-Union Health Benefits Trust Fund
Proposal submitted in response to:
RFP No. 20-001, Project Management and Consulting Services for a New Health
Benefits Administration System

1.9 RECEIPT, OPENING, AND RECORDING OF PROPOSALS

Proposals will be time-stamped and held in a secure place by the procurement officer until the established due date. Proposals will not be opened publicly, but in the presence of two (2) State officials on or after the proposal submission deadline specified in Section 1.6, *RFP Schedule and Significant Dates*, or as amended. Late proposals will not be accepted.

The register of proposals of the OFFERORS shall be open to public inspection upon posting of award, pursuant to Section 103D-701, HRS.

1.10 MODIFICATION PRIOR TO DEADLINE OR WITHDRAWAL OF OFFERS

An OFFEROR may withdraw or modify a proposal prior to the final submission date. No withdrawals or re-submissions will be allowed after the final submission date. Proposals may be modified or withdrawn, prior to the deadline for submission of proposals, by the following:

- **Modifications** – The OFFEROR provides a written notice delivered by hand, mail, or fax that accompanies the actual modification received by the procurement officer; or the OFFEROR provides a written notice and the actual modification by email to EUTF.RFP@hawaii.gov, provided that the OFFEROR submits the written notice accompanying the actual modification by hand delivery, mail, or fax within two (2) working days of the procurement officer’s receipt of the electronic notification.
- **Withdrawal** – The OFFEROR provides a written notice delivered by hand, mail, or fax received by the procurement officer; or a notice by email to EUTF.RFP@hawaii.gov.

1.11 DISCUSSION AND PRESENTATIONS

Discussions may be conducted with PLOs, (i.e., OFFERORS who submit proposals determined to be reasonably susceptible of being selected for award). Such OFFERORS may be invited to make presentations to the evaluation committee to clarify their proposals; to promote understanding of the EUTF’s requirements and the OFFEROR’s proposal; and to facilitate arriving at a contract that will provide the best value to the State. Whether such discussions and presentations will be held will be at the discretion of the evaluation committee. The OFFEROR shall bear all responsibility for any and all costs

related to making the presentations. The EUTF reserves the right to conduct the presentations in Honolulu and/or via conference call.

1.12 BEST AND FINAL OFFER

If the EUTF determines that a BAFO is necessary, it shall request one from the PLOs. BAFOs must be received by the EUTF no later than the date and time specified in Section 1.6, *RFP Schedule and Significant Dates*, or as may be amended by RFP addendum. If a BAFO is not requested by the EUTF, or if requested and not submitted by an OFFEROR, the previous submittal will be construed as its BAFO. After BAFOs are received, final evaluations will be conducted for an award. All proposals become the property of the EUTF. The EUTF may return copies of proposals to non-winning OFFERORS.

1.13 PREPARATION OF PROPOSAL AND COSTS

The proposal shall be formatted in accordance with the requirements specified in this RFP.

Expenses for the development and submission of proposals and other responses to the RFP are the sole responsibility of the OFFEROR submitting the proposal or other response, whether or not any award results from this RFP. Travel and expenses to and from the state are also the responsibility of the OFFEROR submitting a proposal or otherwise responding to this RFP.

1.14 CONFLICT OF INTEREST INCLUSION

Any Contractor (and its subcontractors) who participated, for compensation, in the development of this solicitation or any resulting contract for the EUTF is prohibited from providing, soliciting, proposing, or being awarded any project management, quality assurance (QA), software design, configuration, development, implementation, training, or support phase activity on the subject BAS project for which these services are being procured. This exclusion likewise extends to any other project within the EUTF that may interact with, or otherwise provide similar services to the subject BAS Project or to the EUTF during the full term of this contract. The primary purpose of this exclusion is to ensure that Contractors do not find themselves involved with any real or perceived conflicts of interest, which could taint its independence and credibility. Such conflicts of interest could be alleged where the Contractor is found to be reviewing work products, deliverables, and/or processes for which it currently is, or was responsible to architect, design, configure, develop, QA, implement, train, or operate.

1.15 DISQUALIFICATION OF PROPOSALS

The EUTF reserves the right to consider as acceptable only those proposals submitted in compliance with all requirements set forth or referenced in this RFP and which demonstrate an understanding of the scope of work. Any proposal offering any other set of terms and conditions, or terms and conditions contradictory to those included in this RFP, may be disqualified without further notice. All proposals must meet the minimum

qualifications as established in this RFP in order to be considered.

Grounds for disqualification include:

- Proof of collusion among OFFERORS, in which case all proposals and OFFERORS involved in the collusive action will be rejected, and any participant to such collusion will be barred from future bidding until reinstated as a qualified OFFEROR.
- OFFEROR's lack of responsibility and cooperation as shown by past work or services rendered.
- OFFEROR's being in arrears on existing contract(s) with the State or having defaulted on previous contract(s).
- Delivery of the proposal after the time specified in Section 1.6, *RFP Schedule and Significant Dates*.
- OFFEROR's failure to pay, or satisfactorily settle, all bills overdue for labor and materials on former contracts with the State at the time of issuance of the RFP.
- The proposal is unsigned.
- The proposal does not comply with applicable laws or contains provisions contrary to applicable law.
- The proposal is conditional, incomplete, or irregular in such a way as to make the proposal ambiguous as to its meaning.
- The proposal has provisions reserving the right to accept or reject award, or to enter into a contract pursuant to an award, or provisions contrary to those required in the RFP.
- OFFEROR's lack of sufficient experience to perform the work contemplated.
- OFFEROR's conflicts of interest or lack of independence in judgment.
- Handwritten proposals will be rejected.

1.16 RFP AMENDMENTS AND ADDENDUM

The EUTF reserves the right to amend this RFP at any time, prior to the closing date of the BAFOs. All amendments will be issued by written addendum and will be posted on the SPO HANDS (<https://hands.hawaii.gov/hands/welcome>) and EUTF (<https://eutf.hawaii.gov/about-eutf/procurement/>) websites.

1.17 CANCELLATION OF REQUEST FOR PROPOSALS/REJECTIONS OF PROPOSALS

This RFP may be cancelled and any or all proposals may be rejected in whole or in part, when it is determined to be in the best interests of the State or for any other reason permitted by Chapter 103D, HRS and its implementing Administrative Rules.

1.18 UNCERTAINTIES BEYOND THE CONTROL OF THE EUTF

The EUTF recognizes that circumstances beyond the control of the EUTF may arise that may significantly affect the ability of the Contractor to provide the services described in this RFP or as proposed by the Contractor. Accordingly, the EUTF reserves the right to modify the contract resulting from this RFP to address such circumstances within the scope of the RFP.

1.19 PROPOSAL BONDS; PERFORMANCE AND/OR PAYMENT BONDS

No proposal bond is required to be submitted with the proposal and no performance or payment bond will be required for the contract awarded pursuant to this RFP.

1.20 EVALUATION OF PROPOSALS

An evaluation committee of at least three (3) qualified State employees selected by the procurement officer shall evaluate proposals. The evaluation will be based solely on the evaluation criteria set out in Section IV of this RFP.

Prior to holding any discussions with PLOs, a priority list shall be generated consisting of OFFERORS who are determined to be acceptable or potentially acceptable. However, proposals may be accepted without such discussions.

If numerous acceptable and potentially acceptable proposals are submitted, the evaluation committee may limit the priority list to the highest-ranked, responsible OFFERORS. The PLOs may be afforded the opportunity to submit BAFOs. If a BAFO is requested, final evaluations will be conducted after the BAFOs are received. If a BAFO is requested and is not submitted, the previous submittal will be construed as the BAFO.

1.21 AWARD OF CONTRACT

Award will be made to the responsible OFFEROR whose proposal is determined to be the most advantageous to the EUTF based on the evaluation criteria set forth in the RFP. If award is made, the successful OFFEROR will be required to enter into a formal written contract with the EUTF and shall be required to sign a Business Associate Agreement (BAA), as the successful contractor will have access to protected health information and personal information maintained by the EUTF. The RFP, the OFFEROR's accepted proposal, the BAFO, and the fully executed contract comprise the contract. A copy of the contract form and applicable general conditions can be found at Exhibit A. A copy of the BAA can be found at Exhibit B. The RFP and successful proposal will be incorporated into the resulting contract by reference and to the extent that the RFP and the successful proposal conflict, the terms of the RFP shall govern, unless otherwise agreed upon by the EUTF in the contract.

The notice of award resulting from this solicitation shall be posted on the SPO HANDS website (<https://hands.ehawaii.gov/hands/welcome>).

1.22 CONTRACT EXECUTION

The successful OFFEROR shall enter into a formal written contract in the form of Exhibit A, *Contract Form and General Conditions*. In submitting the proposal, the OFFEROR will be deemed to have agreed to each provision set forth in Exhibit A, *Contract Form and General Conditions*, unless the OFFEROR specifically identifies the provision to which objection is made and submits alternative language as part of Attachment 3, *Exceptions*. The EUTF shall have no obligation to accept terms and conditions that vary from those set forth in Exhibit A, *Contract Form and General Conditions*. Exceptions to Attachment 6, *Performance Guarantees*, will not be accepted by the EUTF.

Upon selection and award of the contract, the EUTF will send the formal contract and BAA to the successful OFFEROR for signature. The contract and BAA shall be signed by the successful OFFEROR and returned with any required documents, within seven (7) calendar days after receipt by the OFFEROR or within such time as the EUTF may allow. Failure to keep this deadline may result in a cancellation of the award and contract. The EUTF reserves the right to cancel any contract and request new proposals or negotiate with remaining OFFERORS if the EUTF is not satisfied with the awarded Contractor's performance.

No work is to be undertaken by the Contractor prior to the effective date of the contract. The State is not liable for any work, contract costs, expenses, loss of profits, or any damages whatsoever incurred by the Contractor prior to the official starting date. No contract shall be considered binding upon the EUTF until the contract has been fully and properly executed by all parties thereto.

If an option to extend is mutually agreed upon, the Contractor shall be required to execute a supplemental contract for the additional extension period.

1.23 REQUIREMENTS FOR DOING BUSINESS IN THE STATE OF HAWAII

OFFERORS are advised that in order to be awarded a contract under this solicitation, the OFFEROR will be required to be compliant with the following chapters of the HRS pursuant to HRS §103D-310(c) upon execution of a contract:

- 1) Chapter 237, General Excise Tax Law;
- 2) Chapter 383, Hawaii Employment Security Law;
- 3) Chapter 386, Workers Compensation Law;
- 4) Chapter 392, Temporary Disability Insurance;
- 5) Chapter 393, Prepaid Health Care Act; and
- 6) §103D-310(c), Certificate of Good Standing (COGS) for entities doing business in the State.

If the OFFEROR is not compliant with the above HRS chapters at the time of contract execution, the OFFEROR will not receive the award. To demonstrate compliance, OFFERORS are encouraged to subscribe to Hawaii Compliance Express (HCE).

OFFERORS who do not participate in HCE may submit paper compliance certificates to the EUTF.

The HCE is an electronic system that allows vendors/contractors/service providers doing business with the State to quickly and easily demonstrate compliance with applicable laws. It is an online system that replaces the necessity of obtaining paper compliance certificates from the State Department of Taxation, Federal Internal Revenue Service, State Department of Labor and Industrial Relations, and State Department of Commerce and Consumer Affairs.

OFFERORS who are interested in registering with HCE should do so at <https://vendors.ehawaii.gov> prior to submitting an offer. The annual registration fee is currently \$12.00 and the 'Certificate of Vendor Compliance' is accepted for the execution of a contract and for final payment.

1.24 PUBLIC EXAMINATION OF PROPOSALS

Except for confidential portions, the proposals shall be made available for public inspection upon posting of award pursuant to Section 103D-701, HRS.

If a person is denied access to a State procurement record, the person may appeal the denial to the State Office of Information Practices in accordance with Section 92F-42(12), HRS.

1.25 DEBRIEFING

Pursuant to Section 3-122-60, HAR, a non-selected OFFEROR may request a debriefing to understand the basis for award.

A written request for debriefing shall be made within three (3) working days after the posting of the award of the contract. The procurement officer or designee shall hold the debriefing within seven (7) working days to the extent practicable from the receipt date of the written request.

Any protest by the requestor following a debriefing shall be filed within five (5) working days after the date that the debriefing is completed, as specified in Section 103D-303(h), HRS.

1.26 PROTEST PROCEDURES

Pursuant to Section 103D-70, HRS and Section 3-126-3, HAR, an actual or prospective OFFEROR who is aggrieved in connection with the solicitation or award of a contract may submit a protest. Any protest shall be submitted in writing to the procurement officer at:

Mr. Derek M. Mizuno
Hawaii Employer-Union Health Benefits Trust Fund
201 Merchant Street, Suite 1700
Honolulu, Hawaii 96813

A protest shall be submitted in writing within five (5) working days after the aggrieved person knows or should have known of the facts giving rise thereto; provided that a protest based upon the content of the solicitation shall be submitted in writing prior to the date set for receipt of offers. Further provided that a protest of an award or proposed award shall be submitted within five (5) working days after the posting of award or, if requested, within five (5) working days after the procurement officer's debriefing was completed.

1.27 SPECIAL CONDITIONS

The following Special Conditions will supplement the *Contract Form and General Conditions*, Exhibit A:

1. Compliance with EUTF Laws and Rules. The Contractor shall comply with: Chapter 87A, HRS as the same may be amended from time to time; all rules including, but not limited to, EUTF Administrative Rules, policies, standards, procedures, and directives adopted by the Board; and all policies, standards, procedures, and directives of the Administrator. The Contractor shall be bound by the Board's interpretation of Chapter 87A, HRS and the EUTF's administrative rules, policies, standards, procedures, and directives.
2. Liquidated Damages. In the event of any breach of the contract by the Contractor, liquidated damages shall be assessed against the Contractor in the sum of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) per calendar day until the breach is remedied by the Contractor.
3. Insurance. Prior to the contract start date, the Contractor shall procure, at its sole expense, and maintain insurance coverage acceptable to the State in full force and effect throughout the term of the contract. The Contractor shall provide proof of insurance for the following minimum insurance coverage(s) and limit(s) in order to be awarded a contract. The type of insurance is listed as follows:
 - a. A fidelity bond, commercial crime policy, or other equivalent insurance that provides insurance coverage or similar protection to the EUTF against forgery, theft, robbery, fraud, dishonest and criminal acts committed by any of the Contractor's employees that causes the EUTF to sustain monetary loss. The limits of such bond or policy shall be \$5,000,000 per occurrence/claim and in the aggregate.

- b. Commercial general liability insurance coverage against claims for bodily injury and property damage arising out of all operations, activities or contractual liability by the Contractor, its employees and subcontractors during the term of the Contract. This insurance shall include the following coverage and limits specified or required by any applicable law: bodily injury and property damage coverage with a minimum of \$3,000,000 per occurrence; personal and advertising injury of \$1,000,000 per occurrence; and with an aggregated limit of \$5,000,000. The commercial general liability policy shall be written on an occurrence basis and the policy shall provide legal defense costs and expenses in addition to the limits of liability stated above. The Contractor shall be responsible for payment of any deductible applicable to this policy.
- c. Automobile liability insurance covering owned, non-owned, leased, and hired vehicles with a minimum of \$1,000,000 for bodily injury for each person, \$1,000,000 for bodily injury for each accident, and \$1,000,000 for property damage for each accident or \$2,000,000 combined single limit.
- d. Appropriate levels of per occurrence insurance coverage for workers' compensation and any other insurance coverage required by Federal or State law.
- e. Professional liability insurance covering all activities under the contract with a minimum of \$10,000,000 per claim and with an aggregated limit of \$10,000,000.
- f. Cyber liability insurance with limits not less than \$25,000,000 per occurrence/claim, \$25,000,000 aggregate. Coverage shall be sufficiently broad in response to the duties and obligations as is undertaken by the scope of work within this contract and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall also provide coverage for breach response costs and regulatory fines and penalties and credit monitoring expenses.

If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the State requires and shall be entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the State.

- g. Any and all other insurance that is required by applicable law and that is reasonably necessary in order for the Contractor to perform the work and services required under the contract. The insurance policies shall have limits of liability, per occurrence and in the aggregate, in amounts that are reasonably satisfactory to the Board, as measured by what a reasonably prudent trustee would require of a contractor in similar circumstances.

The adequacy of the coverage afforded by the Contractor's insurance shall be subject to review by the Board, from time to time, and if it appears that a reasonably prudent trustee, operating a trust fund similar to that operated by the Board, would require an increase in the limits of liability of such insurance, the Contractor or shall, to that extent, take all necessary actions to increase such limits.

All the required insurance shall be carried with insurance carriers that have a general policyholder's rating of not less than A and a financial rating of no less than VII in the most current A.M. Best's Insurance Reports. If the A.M. Best's ratings are changed or discontinued, the parties shall agree to an equivalent method of rating insurance companies.

Throughout the term of the entire contract, the EUTF, the Board, and its trustees shall be named as additional insureds on all the required policies except for professional liability/errors and omissions and worker's compensation policies. At the commencement of the contract, the Contractor shall provide the EUTF with certificates of insurance showing that it is carrying all the insurance required hereunder. At or prior to the expiration of all insurance policies required hereunder, the Contractor shall provide the EUTF with certificates of insurance showing the renewal or replacement of such insurance policies. All policies of insurance or the Contractor shall provide that the EUTF will be given 30 days' notice in writing in advance of any cancellation, lapse, or reduction in the amount of insurance.

Each insurance policy required by this contract, including a subcontractor's policy, shall contain the following phrases:

1. "This insurance shall not be canceled, limited in scope of coverage, or non-renewed until after 30 days' written notice has been given to the Hawaii Employer-Union Health Benefits Trust Fund, 201 Merchant Street, Suite 1700, Honolulu, Hawaii 96813."
2. "The State of Hawaii, the Hawaii Employer-Union Health Benefits Trust Fund (EUTF), the EUTF Board of Trustees, and trustees of the EUTF Board are added as additional insureds with

respect to operations performed for the State of Hawaii and the EUTF.”

3. “It is agreed that any insurance maintained by the State of Hawaii and/or the EUTF will apply in excess of, and not contribute with, insurance provided by this policy.”

The minimum insurance required shall be in full compliance with the Hawaii Insurance Code throughout the entire term of the contract, including supplemental contracts.

Upon the Contractor’s execution of the contract, the Contractor agrees to deposit with the EUTF, certificate(s) of insurance necessary to satisfy the State that the insurance provisions of the contract have been complied with, and to keep such insurance in effect and the certificate(s) therefore on deposit with the State during the entire term of this contract, including those of its subcontractor(s), where appropriate.

Upon request by the State, the Contractor shall be responsible for furnishing a copy of the policy or policies.

Failure of the Contractor to provide and keep in force such insurance shall be regarded as material default under this contract, entitling the EUTF to exercise any or all of the remedies provided in this contract for a default of the Contractor.

The procuring of such required insurance shall not be construed to limit the Contractor’s liability hereunder nor to fulfill the indemnification provisions and requirements of this contract. Notwithstanding said policy or policies of insurance, the Contractor shall be obliged for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this contract.

4. Transition Procedures. At no cost to the EUTF, the Contractor shall comply with the following provisions upon receipt of a notice of termination or upon expiration of the contract:
 - a. The Contractor shall transfer title and deliver to the EUTF or its designee, any and all completed or partially completed goods, materials, reports, information, data, or other work product of the Contractor that were made under the contract or as part of the Contractor’s performance of the contract.
 - b. As directed by the EUTF, the Contractor shall destroy and/or deliver to the EUTF or its designee, all confidential or proprietary documents, information, and data that the Contractor has received under the contract and all copies thereof.

1.28 CONTRACT TERM

The term of any contract resulting from this RFP, subject to approval by the State, shall be for a period of 24 months. If the EUTF determines that the Contractor's services are needed beyond 24 months, the EUTF shall have the sole discretion to exercise its rights to extend this contract for additional months as needed to facilitate completion of the Contractor's work under this agreement.

When interests of the State so require, the State may terminate the contract for convenience.

The contract is subject to availability of funds. If a Non-Funding Event occurs, then the State shall have the right to partially or fully terminate or suspend the contract under this RFP. If the State does not exercise the right to fully terminate or suspend the contract, the State shall determine which aspects of the contract shall move forward and which services shall be performed.

Contractor agrees that no penalty or damages shall be applied to, or shall accrue to, the State due to a Non-Funding Event. Contractor further agrees that the State will not be responsible for any costs, expenses, or losses incurred by Contractor due, in whole or in part, to a Non-Funding Event.

SECTION II: SCOPE OF WORK

2.1 EUTF OVERVIEW

The EUTF is administratively attached to the State Department of Budget and Finance and is governed by a 10-member Board. Its primary goal is to provide health and life insurance benefits at a cost affordable to employers and employees to all eligible State and City and County of Honolulu, County of Maui, County of Kauai, and County of Hawaii employees, retirees, and their dependents. The EUTF covers approximately 69,000 active employees plus 60,000 of their dependents, and 49,000 retirees plus 20,000 of their dependents. It is the EUTF's mission to care for the health and well-being of our beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet their changing needs. We provide informed service that is excellent, courteous, and compassionate.

The EUTF's BAS serves as the backbone of the EUTF's daily operations in enrolling and terminating members in the EUTF health plans; transmitting information to insurance carriers, billing and collecting premiums from employers, employees and retirees; and remitting payments to vendors. In addition, the EUTF needs to maintain continued compliance with HIPAA Privacy and Security rules to ensure the confidentiality, integrity and availability of the data.

The EUTF's current information system consists of the hardware and software developed, installed, and supported by Vitech, Inc. The EUTF must address concerns of being on an older version of its BAS as its systems are mission critical applications to access data for its business processes. This system performs the following functions:

- a. Enrollment and termination of State and County employees, retirees, and dependents into and from medical, prescription drug, dental, vision, chiropractic, life insurance plans.
- b. Maintains demographic and Medicare information of State and County employees, retirees, and dependents.
- c. Generation and transmission of electronic enrollment files to insurance carriers.
- d. Generation of enrollment changes and COBRA notices to members.
- e. Processing of payments, reimbursements, and deductions from members, employers, and vendors.
- f. Generation and transmission of electronic payment and deduction files to and from members, employers, and vendors.
- g. Document scanning using an imaging system to capture, store and retrieve member enrollment and proof document images. This system utilizes a Kofax front-end capture system.
- h. Multiple interfaces to external systems are utilized for data exchanges.

The EUTF does a large amount of data exchange with various public and private external entities including insurance carriers and State and County employers. Due to the EUTF's status as a HIPAA covered entity, it is required by the Department of Health and Human Services Office of Civil Rights to adhere to information privacy and security rules pursuant HIPAA.

Below are the current EUTF BAS specifications which were implemented in September 2009:

EUTF BENEFITS ADMINISTRATION SYSTEM

Hardware	Windows 2008 Server – 2 web servers, 1 database server, 2 application servers, 1 batch server
Database	Oracle 11g
Applications Server	Oracle OC4J Applications Server
Environments	Production, Test, Development
Imaging	Kofax Server
Backup	Microsoft Azure Backup Services
Disaster Recovery	Microsoft Azure Disaster Recovery Services
Benefits Administration System	V3 version 8.02

A feasibility study was performed by PCG to determine if the EUTF should upgrade its existing BAS or implement a new solution. Based on PCG's research, market survey, and alternatives analysis, PCG has made a recommendation to implement a new solution. The new solution would consider both options of a standalone marketplace solution or the leveraging of the State's HCM/HR solution to replace the EUTF's existing BAS through the State's procurement/contract process. The Feasibility Study Report is included as Exhibit C in this RFP.

EUTF contracted with Linea Solutions, Inc. to conduct systems requirements analysis and develop an RFP for solicitation of a new BAS. The proposed implementation schedule for the new BAS is as follows:

Develop RFP	5/2019 – 9/2019
Board Approval of RFP	9/24/2019
Release RFP	10/2019
Evaluation of Bids	11/2019-2/2020
Award Contract	2/18/2020
Contract Start Date	4/1/2020
BAS Solution Development	4/1/2020 – 9/30/2021
Go-Live	10/1/2021

2.2 SCOPE OF WORK

Basic Services

By entering into a contract with the EUTF pursuant to this RFP, the Contractor shall provide the services that are (1) required under this RFP; (2) proposed by the Contractor and accepted by the EUTF; and (3) otherwise required under the Contract between the Contractor and the EUTF.

The Contractor is expected to execute and deliver the following services:

1. Monitor the Detailed Project Schedule and Activities

The Contractor shall work with the EUTF Project Manager and the BAS Vendor to provide a detailed project schedule during project initiation detailing the project plans and associated schedules and perform all project management responsibilities on behalf of its activities to successfully implement the solution. The Contractor shall assist EUTF in monitoring the progress of the project on an ongoing basis. Deviations from the project schedule, their rationale and impact on the overall schedule and staff resources will be documented for EUTF review. The Contractor shall help EUTF to ensure that the detailed project schedule is maintained and updated, which includes resource allocations.

EUTF BAS SCHEDULE AND APPROXIMATE DATES

April 1, 2020	Contract Start Date
April 2020 – September 2021	Development, Testing & Implementation
July 2020 - January 2021	Data Cleansing
October 2021 – March 2022	Training & Maintenance
March 31, 2022	Contract End Date

2. Conduct Regular Project Monitoring

The Contractor shall conduct regularly scheduled status meetings with the EUTF Oversight Committee to review project progress, discuss and resolve issues, consider change requests, and communicate upcoming actions.

The Contractor shall work regularly with the EUTF Project Manager on project developments. The areas to be monitored by the Contractor shall include, but not be limited to, the following:

- a) Schedule
- b) Milestones
- c) Deliverables
- d) Resources
- e) Budget

The potential impact and actions required for each variance shall be described in regular project reports.

3. **Monitor Potential Project Risks**

The Contractor shall ensure that potential project risk areas are proactively identified. Potential project risk areas include, but are not limited to, the following: timing and project schedule, human resources, financial, technical, project organization, project management and communications, and project lifecycle stages. The Contractor shall monitor these risk areas as the project progresses, and recommend risk mitigation strategies, as appropriate.

4. **Monitor Selected BAS Vendor Contracted Activities**

The Contractor shall support the EUTF to help ensure that the selected BAS vendor adheres to its contract scope and terms and conditions. The Contractor shall review and advise the EUTF on potential out of scope issues; assist in addressing potential contractual conflicts; and assist in the review and approval of vendor proposed deliverables.

5. **Develop and Monitor Project Quality Standard Compliance**

Current quality control procedures from the State Office of Enterprise Technology Services (ETS) will guide quality assurance. Procedures should cover separation of duties, acceptance testing, version control tools, requirements tracking, and user walk-throughs. The selected BAS vendor shall also help to develop quality standards for this project. The three (3) primary activities in quality management shall include, but are not limited to, the following:

- a) Quality planning – identifying relevant quality standards and determining how to satisfy them
- b) Quality assurance – evaluating overall project performance to provide confidence in project quality at regular intervals
- c) Quality control – monitoring specific project results for quality standard compliance and identifying ways to eliminate unsatisfactory performance

6. **Oversight of Objectives for each Project Lifecycle Stage**

Milestones such as system requirements, Organizational Change Management, testing, implement and deployment, training, and post implementation assessment will be monitored for progress for adherence to the project goals, and compliance with applicable standards. Areas of concerns and potential issues identified will be reported to the EUTF and project executives on an ongoing basis.

7. **Work with the EUTF to Develop a Business Process Re-engineering and Organizational Change Management Plan**

The Contractor shall work with the EUTF to develop a Business Process Re-engineering and Organizational Change Management Plan. This plan shall define a specific process to identify, analyze, and document potential changes,

review and decide on changes, and to communicate decisions and outcomes to the project team.

The Change Management Plan will ensure the following but are not limited to:

- a) The current status of change requests is readily available.
- b) No changes are forgotten.
- c) A record of change requests will contribute to lessons learned on the project and add to documentation of the final solution.
- d) Project monitoring efforts will be streamlined.

8. Work with the EUTF to Develop a Training Management Plan

The project will require training for external users of the BAS.

The project team will develop an outreach and rollout strategy and plan to inform, educate, and obtain user buy-in from the State and County employers, benefit carriers, and other entities. Based upon that information, the Contractor shall work with EUTF staff and the BAS vendor to develop all training materials necessary to successfully deploy the solution. The Contractor shall also assist in delivering training as required by the EUTF.

9. Provide Data Consultant Services

The Contractor shall provide Data Consulting Services during each project life cycle stage including testing, implementation, deployment, and post-implementation.

- a) Establish the overall data cleanup process including goals, timeline, milestones, and resources needed on both the vendor and EUTF's side;
- b) Create data mapping rules and develop criteria for scoring successful migrations;
- c) Identify "what to look for" to mitigate unplanned scenarios and identify common issues found during data cleansing process;
- d) Determine "What is an acceptable level of data cleanliness?" by evaluating validity, accuracy, completeness, consistency, and uniformity of data;
- e) Offer expertise in issue analysis and resolution for problems found during the data cleansing process;
- f) Provide project management, issue management and reporting during the data cleansing process;
- g) Offer expertise in data cleansing & transformation to provide guidance on best practices, recommendation of tools to automate the cleansing and transformation process, and use of data lineage to track data life cycle as needed; and
- h) Provide quality assurance controls during the project timeline to validate each step of the data migration and cleansing process

including final verification of the migrated data.

10. Provide Data Cleansing Services

The Contractor shall provide Data Cleansing Services during the implementation and deployment project life cycles.

a) Data Preparation Cycle

- Run multiple cycles of data profiling, reconciliation, integrity, and quality checks until a desired level of data cleanliness is reached to clarify the structure, content, relationships, and derivation rules of the data and to assess data quality prior to conversion
- Identify specific data issues through in-depth analysis to evaluate the scope and impact of the current state of data and determine strategies for resolution of these issues
- Correct or remove source data that has been identified as corrupt, inaccurate, invalid, or duplicate to improve data accuracy and integrity during and after conversion

b) Data Cleansing

- Transform data between source and target formats based on data mapping rules generated by the BAS vendor including translation or aggregation of data as needed
- Generate code to run multiple mock migrations, review results by creating scores based on criteria identified in previous steps, repeat data cleansing steps as needed until the state of data passes the scoring criteria for the final migration
- Perform quality assurance checks by comparing data elements before and after migration to verify that the data migrated properly

c) Data Archive

- Save copies of all source data during the data conversion cycle for future review if needed including both converted and unconverted data
- Create an archive database as a look up only reference for data that was not converted, document steps needed to create, maintain, and support this database

2.3 REQUIRED DELIVERABLES

The Contractor's performance will be evaluated based on the generation of products and the achievement of key milestones, to be collectively referred to as deliverables. Each deliverable will be reviewed and assessed by selected members of the EUTF Oversight Committee. The EUTF will have a pre-determined period, typically five (5) to 10

business days, to complete its review.

Aspects of a deliverable that has been concluded to be unacceptable and not consistent with the agreed upon scope of work will be documented and provided to the Contractor for further action. The Contractor will then present to the EUTF the revised deliverable, whereupon the review and assessment process will begin again.

All documentation within the scope of work shall be developed using the Microsoft Office suite of products and the Contractor must ensure that all applications are compatible with current EUTF software versions.

Below is a list of deliverables that are, at a minimum, considered mandatory as project phases. The Contractor may revise the list as necessary and submit the revision to the EUTF for approval during the Project Initiation Phase described below. The deliverables list will be negotiated and finalized prior to the project's commencement.

In addition to having periodic status meetings with completion metrics, the deliverables shall be completed in the order established and approved by the EUTF.

The Contractor will be expected to provide the following deliverables:

1. **Develop ongoing project checkpoint status reports**

The Contractor shall prepare written assessment reports (in MS PowerPoint format) addressing project status, progress against plan(s), issues, next steps and other related information. The ongoing reports shall focus on project management, quality assurance and technical issues, with the primary purpose of raising significant issues to facilitate discussion and resolution of the issues identified. The findings and recommendations in these ongoing reports will be reviewed with the EUTF Oversight Committee. The Contractor shall ensure that potential areas of concern and recommended resolutions are raised as soon as they are identified.

2. **Present ongoing project status briefings and meetings**

The Contractor shall present project status briefings to the EUTF and appropriate project stakeholders on an ongoing basis. The Contractor shall also schedule, facilitate, and/or attend pertinent meetings and briefings, and provide a status report on the progress of the project as requested by the EUTF. As required, the Contractor shall mediate and conduct issue resolution among the EUTF Oversight Committee and BAS vendor.

3. **Develop plans**

The Contractor shall work with the EUTF staff to develop the following plans:

- Business Process Reengineering and Organizational Change Management
- Training Management Plan

2.4 CONTRACTOR PROJECT MANAGER

The Contractor shall provide a Project Manager for the duration of this project. The degree of time commitment shall be mutually agreed upon with the EUTF when the Project Management Plan is finalized.

1. The Contractor Project Manager shall be expected to perform the following:
 - a) Coordination with the EUTF Project Manager, the project team, and end users as necessary;
 - b) Development of the Project Management Plan and the Project Schedules.
 - c) Scheduling and facilitation of meetings, workshops, presentations, walkthroughs, etc.;
 - d) Facilitation of issue resolution;
 - e) Monitor project scope and budget;
 - f) Assist in finalizing the list of project deliverables;
 - g) Assist in establishing detailed specifications for each project deliverable;
 - h) Ensure that the Contractor Project Team is sufficiently staffed;
 - i) Ensure that project deadlines are met, and the deliverables are accomplished with the highest quality possible;
 - j) Ensure that the project work plan is being followed; and
 - k) Coordinate invoicing and clarify any incidental issues.
2. It is required that the Contractor Project Manager has the Project Management Professional (PMP) certification and has five (5) years or more of project management experience.
3. It is strongly preferred that the Contractor Project Manager has past experience working with implementing large-scale government health benefits and finance systems.
4. The Contractor Project Manager shall not be removed from this position without prior written approval from the EUTF. The Contractor shall not substitute or assign another Project Manager until a resume for such person is presented to the EUTF Project Manager, who will determine final acceptance of the replacement. The Contractor shall give the EUTF at least 10 days' notice in advance of any change and are subject to the terms of Attachment 6, *Performance Guarantees*.

2.5 CONTRACTOR PERSONNEL

The Contractor shall submit resumes of individuals who will perform the activities described in the Scope of Work, reflecting the qualifications sought in this Scope of Work.

The Contractor's staff assigned to this project shall be expected to make necessary on-site visits for the duration of the project and be available for calls and meetings at the discretion of the EUTF.

2.6 WORKING CONDITIONS

For on-site work, the Contractor shall perform services at 201 Merchant Street, Suite 1700, Honolulu, Hawaii 96813. Normal business hours are between 7:45 a.m. and 4:30 p.m. Work plans shall be structured such that any need for, or involvement of the EUTF staff is during normal business hours.

Contractor may utilize its own equipment including laptops, desktops and networks, provided they are in accordance with the security benchmarks approved by the EUTF's HIPAA Security Officer.

2.7 EUTF OVERSIGHT COMMITTEE

The EUTF will form an EUTF Oversight Committee composed of representatives from EUTF's Member Services, Financial Services, and Information Services Branch supervisors and/or managers who will monitor the progress of the work on this project, approve major directions, accept deliverables and resolve issues. The EUTF Project Manager is the primary liaison between this project and the EUTF Oversight Committee.

SECTION III: PROPOSAL INSTRUCTIONS

3.1 PROPOSAL CONTENTS

The OFFEROR shall adhere to all instructions listed in Section 1.8, *Submission of Proposals*, and prepare a written proposal that will fully describe the qualifications and availability of the OFFEROR to provide the services requested and the compensation the OFFEROR proposes in response to this RFP. Proposals shall be submitted as described below:

- Section 1: Cover letter
- Section 2: Offer Form, OF-1 (Attachment 1)
- Section 3: Executive Summary
- Section 4: Company Experience
- Section 5: Staff Qualifications
- Section 6: Technical Approach
- Section 7: Sample Reports
- Section 8: Financial Statements
- Section 9: Fee Proposal, See Attachment 2, Offer Form OF-2
- Section 10: Exceptions, See Attachment 3, *Exceptions*
- Section 11: Confidential Information, See Attachment 5, *Confidential Information*

3.2 COVER LETTER

The RFP response must include a cover letter addressed to the Administrator. The letter, which will be considered an integral part of the proposal, must contain the following:

- **Contact Information:** The cover letter shall include the OFFEROR's name, address, telephone/fax numbers, and email address.
- **Terms and Conditions of the RFP:** A statement that the OFFEROR fully understands and will comply with all terms and conditions contained in the RFP. The OFFEROR must include written acknowledgement of receipt of any and all amendments or addenda made to this RFP.
- **Legal Entity:** A statement indicating that the OFFEROR is an individual, a partnership, a limited liability company, a corporation, or other legal entity (as identified). If the OFFEROR is a corporation, a partnership, a limited liability company, or other legal entity, include a statement indicating the jurisdiction where the OFFEROR is organized.
- **Authorized Signature:** The cover letter must be signed by an individual or individuals authorized to legally bind the OFFEROR. If the OFFEROR is a corporation, evidence in the form of a certified copy of a corporate resolution or certified copy of articles of incorporation or bylaws shall be submitted showing the individual's authority to bind the corporation. If the OFFEROR is a partnership, the proposal must be signed by all the partners, or evidence in the form of a certified copy of the partnership agreement

shall be submitted showing the individuals' authority to bind the partnership. Similar evidence must be submitted for an individual signing the proposal on behalf of any kind of entity.

- **Current Licenses and Registration:** A statement that the OFFEROR maintains the current licenses necessary to provide the services required. In addition, an OFFEROR must provide evidence that the OFFEROR is registered to do business in the State prior to the commencement of the work. True and accurate copies of the OFFEROR's license(s) and certificates must be provided.
- **Subcontracting of Services:** A statement by the OFFEROR indicating that the work described in the RFP will not be subcontracted or if subcontractors will be used, append a statement to the cover letter from each subcontractor, signed by an individual authorized to legally bind the subcontractor stating: 1) the general scope of work to be performed by the subcontractor; and 2) the subcontractor's willingness to perform the indicated tasks. The extent to which the work will be sub-contracted, and the qualifications of any subcontractor will be considered in evaluating the OFFEROR's ability to perform the services referred to in this RFP.
- **Non-Discrimination:** A statement that the OFFEROR does not discriminate in employment or business practices with regard to race, color, religion, age (except as provided by law), sex, sexual orientation, marital status, political affiliation, national origin, disability, or any other characteristic protected by federal, state, or local laws.
- **EUTF Rights Regarding Contractor's Recommendations:** A statement that the OFFEROR understands that the EUTF reserves the right to disapprove the Contractor's recommendations without penalty when they conflict with the policy or fiscal interests of the EUTF, as determined by the Board.
- **Terms and Conditions of the Contract:** Affirm that the provisions of the sample contract in Exhibit A, *Contract Form and General Conditions* are acceptable or state any proposed modifications in Attachment 3, *Exceptions*. The EUTF reserves the right to decline, or classify as "unresponsive" any substantive changes, modifications, or revisions to the sample contract. Exceptions to Attachment 6, *Performance Guarantees*, will not be accepted by the EUTF.

3.3 OFFER FORM, OF-1

Include a signed, Offer Form OF-1 with the exact legal name, as registered with the State Department of Commerce and Consumer Affairs, if applicable, and address of OFFEROR's firm and the name, mailing address, telephone number, and fax number of the person the State should contact regarding the OFFEROR's proposal. The OFFEROR's authorized signature on the Offer Form, OF-1 shall be an original signature, which shall be required before an award, if any, can be made. The submission of the proposal shall indicate the OFFEROR's intent to be bound.

3.4 EXECUTIVE SUMMARY

An executive summary that clearly and concisely summarizes and highlights the contents of the proposal to provide the EUTF with a clear and broad understanding of the entire proposal.

3.5 COMPANY EXPERIENCE

- i. Has an understanding of various large system computing platforms and the future direction of these platforms, including cloud-based platforms and solutions. The state has a strong preference towards past experience with implementing large-scale health benefit and finance systems.
- ii. A complete, relevant, and current client listing with description of services provided.
- iii. The number of years OFFEROR has been in business and the number of years OFFEROR has performed Project Management services specified by this RFP.
- iv. A list of key personnel for those who will be dedicated to this project.
- v. A list of at least three (3) references from the OFFEROR's client listing that may be contacted by the State as to the OFFEROR's past and current job performance. OFFEROR shall provide names, titles, organizations, services provided, telephone numbers, email and postal addresses, start/end dates.
- vi. A summary listing of judgments or pending lawsuits or actions against; adverse contract actions, including termination(s), suspension, imposition of penalties, or other actions relating to failure to perform or deficiencies in fulfilling contractual obligations against your firm. If none, so state.
- vii. A list of sample projects and/or examples of written plans.

3.6 STAFF QUALIFICATIONS

The Contractor's Project Manager should have the desirable qualifications as listed in Section 2.4.

The Contractor shall submit resumes of individuals who will perform the activities described in the Scope of Work, reflecting the qualifications sought in this Scope of Work.

The Contractor must identify any subcontractor who will be used and include the name of the company, telephone number, contact person, and type of work the subcontractor will perform.

3.7 TECHNICAL APPROACH

Describe the Contractor's proposed methodology to fulfill the Scope of Work requirements, demonstrating an understanding of the outlined deliverables.

- i. OFFEROR is expected to provide as much detail as necessary for the State to gain a solid understanding of how OFFEROR proposes to meet the requirements for the work, (e.g., overall approach and strategy, benchmarks and measurement, anticipated activities and tasks, detailed work plan and timeline, number of personnel assigned/involved at each stage, identification of who is performing work (prime vs. subcontractor(s)), on-site work vs. off-site work, description of reports, and briefings. Provide formats or samples of a monthly status report, and executive briefing).
- ii. Must include a plan for managing the scope of work and deliverables.
- iii. Must also include a project organization chart, and staffing approach (to include all subcontractors).
- iv. A significant portion of the work required is to be done on-site at State facilities, (e.g., assessment activities, stakeholder meetings, briefings of monthly reports, observation, and verification). As such, OFFERORS shall take this into account when preparing their proposals. Any proposed remote work must be identified by the Contractor and agreed to prior by the State. In the event the OFFEROR wishes to propose that certain portions of the requested work be performed off-site, the OFFEROR's proposal shall include a detailed description of how such off-site work will be managed and what portions of the work will be performed off-site.

3.8 SAMPLE REPORTS

Sample reports of the following deliverables shall be attached as Exhibit A in the OFFEROR's proposal:

- Project Management Plan
- Project Assessment Scorecard & Report Detail
- Project Implementation Readiness Assessment Dashboard
- Any other sample reports

3.9 FINANCIAL STATEMENTS

The OFFEROR's most recent audited financial statements should be attached as Exhibit B in the OFFEROR's proposal. If the OFFEROR is not able to submit audited financial statements with its proposal, the OFFEROR must agree to submit audited financial statements if selected as a PLO.

3.10 FEE PROPOSAL

Attachment 2, Offer Form OF-2 shall be submitted with the proposal.

3.11 EXCEPTIONS

Any exceptions to terms, conditions, or other requirements in any part of these specifications must be listed in Attachment 3 marked, "EXCEPTIONS." The OFFEROR shall reference the RFP section where the exception is taken, a description of the exception taken, and the proposed alternative, if any. Otherwise, it will be considered that all items offered are in strict compliance with the specifications. Amendments or clarifications shall not affect the remainder of the proposal, but only the portion so amended or clarified. In instances where there is a material difference between a proposal and this RFP, the RFP terms will be binding unless specifically accepted as an exception stipulated in the contract. The EUTF reserves the right to accept or reject any request for exceptions. Exceptions to Attachment 6, *Performance Guarantees*, will not be accepted by the EUTF.

3.12 CONFIDENTIAL INFORMATION

The OFFEROR shall list in Attachment 5, *Confidential Information*, those portions of the proposal that contain trade secrets or other proprietary data/information that the OFFEROR wishes to remain confidential. The OFFEROR shall follow the instructions under Section 1.8, *Submission of Proposals*, for submitting a redacted copy of its proposal. The OFFEROR must also include in Attachment 5, a detailed explanation as to why this information is considered confidential, with respect to the requirements of Chapter 92F, HRS. Any request for public inspection is subject to the requirements of Chapter 92F, HRS. The entire proposal CANNOT be considered confidential. The fee proposal CANNOT be considered confidential. With the indication of sections that are deemed proprietary and confidential, the OFFEROR must include a written explanation of the nature and rationale for considering the information as confidential.

3.13 AWARD OR REJECTION

The award will be made to the OFFEROR whose proposal is deemed to be in the best interest of the EUTF. The EUTF reserves the right to reject any or all proposals.

3.14 ORAL EXPLANATIONS

The EUTF will not be bound by oral explanations or instructions given during the competitive process or after the award of the contract.

3.15 TIME FOR ACCEPTANCE

The OFFEROR agrees to be bound by its proposal for a contract effective date as stipulated in Section 1.28, *Contract Term*.

3.16 ADMINISTRATIVE RULES

The OFFEROR agrees to comply with the EUTF administrative rules, as amended from time to time. Any proposed modifications to the specified eligibility rules are unacceptable. See Exhibit D.

3.17 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) COMPLIANCE

All OFFEROR systems and services must be in compliance with the HIPAA, Privacy, and Security regulations on the appropriate dates established by the Department of Health & Human Services. A copy of the EUTF's standard BAA is attached as Exhibit B to this RFP. The successful OFFEROR will be required to sign the BAA.

3.18 SUBMISSION OF A SIGNED PROPOSAL

Submission of a signed proposal shall be construed as the OFFEROR's strict adherence to this RFP, unless otherwise noted in writing in the required Attachment 3 marked, "EXCEPTIONS." Failure to meet any of these conditions may result in disqualification of the proposal. This RFP and the OFFEROR's proposal, including all subsequent documents provided during this RFP process, will become part of the contract between the parties.

3.19 REIMBURSEMENT FOR COST OF PROPOSAL

The EUTF shall not provide any reimbursement for the cost of developing, presenting, submitting, or evaluating any proposal in response to this RFP.

SECTION IV: PROPOSAL EVALUATION

4.1 INTRODUCTION

The evaluation of proposals received in response to this RFP will be conducted comprehensively, fairly, and impartially. Structural, quantitative scoring techniques will be utilized to maximize the objectivity of the evaluation.

Proposals and modifications shall be time-stamped upon receipt. During the evaluation period, proposals and modifications shall not be opened publicly.

An evaluation committee will evaluate and determine which proposal meets the requirements of this RFP and be most advantageous to the EUTF based upon the evaluation categories. Thereafter, the evaluation committee will make its recommendation to the EUTF Board. Award will be made to the responsive and responsible OFFEROR whose proposal is determined in writing to be the most advantageous, taking into consideration price and the Evaluation Criteria set forth in this RFP.

A contract may be awarded based on initial proposals received, without discussion. Therefore, each initial proposal should contain the OFFEROR's best terms.

4.2 EVALUATION ORGANIZATION

The evaluation committee will review and evaluate all proposals submitted by the Proposal Due Date as specified in this RFP.

The evaluation will be conducted in six (6) phases:

- Phase 1 - Evaluation of OFFEROR's proposal
- Phase 2 – Establishment of PLOs
- Phase 3 - Discussion and/or Clarification with PLOs (Optional)
- Phase 4 - BAFO (if applicable)
- Phase 5 - Final Evaluation of Proposals
- Phase 6 - Recommendation for Award

4.3 PHASE 1 – EVALUATION PROPOSALS

4.3.1 EVALUATION OF PROPOSALS

During this process, the evaluation committee will score proposals based on the Evaluation Criteria and point structure as set forth below:

Evaluation of proposal – Maximum 100 Points

- a. **25 points** – Abilities and limitations of the OFFEROR’s methodology (work plan) to perform the services referred to in this RFP: The criteria includes, but is not limited to: the management of the scope of work, timelines, and deliverables; and the adequacy of approach to deliver the requirements specified in Section II, SCOPE OF WORK.
- 1) How comprehensive is the methodology (work plan) and does it depict a logical approach to fulfilling the requirements specified in Section II of the RFP?
 - 2) How well does the methodology match and achieve the basic services set out in Section II of the RFP?
 - 3) Does the methodology interface with the contract term stated in the RFP?
 - 4) How well does the Project Management Plan (PMP) support all the project requirements and logically lead to the deliverables required in the RFP?
 - 5) Has the offeror gone beyond the minimum tasks necessary to meet the basic services specified in Section 2.2 of the RFP?
 - 6) How well is accountability completely and clearly defined?
 - 7) Does it appear that the offeror can meet the schedule set out in the RFP?
- b. **20 points** – The stability, relevant history, and experience of the OFFEROR’s organization, the Project Manager and project team proposed for the EUTF. This criteria includes, but is not limited to: the organization’s and the proposed Project Manager’s general experience in providing independent project management and oversight of a new BAS and the selected BAS vendor, development of project management plans, associated schedules, and all project management responsibilities to successfully implement a new BAS solution; the stability of the organization and the proposed Project Manager and project team; and the client load of the proposed Project Manager and project team. The State has a strong preference towards an OFFEROR with past experience implementing large-scale health benefit and finance systems.
- 1) Does the proposal show that the offeror has suitable past experience working on large-scale health benefit and finance systems projects? Was the past experience working on government health benefit plans?
 - 2) Does the Project Manager have the experience and certification necessary to perform the contract as identified in Section 2.4 of the RFP?
 - 3) Do the individuals assigned to the project have experience performing services/projects similar to the complexity of work listed in the scope of work?
 - 4) Are resumes complete and do they demonstrate backgrounds that would be desirable for individuals engaged in the work the project requires?
 - 5) How extensive is the applicable educational and experience of the personnel designated to work on the project?
 - 6) Is the organization of the project team clear?
- c. **20 points** – The soundness of the OFFEROR’s proposal and the extent to which the proposal shows an understanding of the needs of the EUTF. The criteria includes,

but is not limited to, the following: the OFFEROR’s understanding of the purpose and scope of the Project through the validation of the RFP Project objectives and critical success factors; the structure of the proposed project team; and the proposed reporting and reports to be provided by the OFFEROR.

- 1) How well has the offeror demonstrated a thorough understanding of the purpose and scope of the project?
- 2) To what degree has the offeror demonstrated an understanding of the deliverables and reporting that the EUTF expects it to provide?
- 3) Has the offeror demonstrated an understanding of the contract term and can meet it?

d. **25 points** – Fees

e. **10 points** – Client references

- 1) Has the offeror provided letters of reference from previous clients? Do the letters of reference confirm the offeror meets the requirements specified in Section II?

4.4 PHASE 2 – ESTABLISHMENT OF PLOs

The Evaluation Committee will evaluate all proposals and establish a priority list of OFFERORS who received the best preliminary evaluations. The order, priority, and points to be applied to each evaluation criteria are as follows:

CRITERIA	POINTS
Abilities and limitations of the OFFEROR’s approach (work plan) to perform the services referred to in the RFP	25
The stability, relevant history, and experience of the OFFEROR’s organization and the consultants and servicing team proposed for the EUTF	20
The soundness of the OFFEROR’s proposal and the extent to which the proposal shows an understanding of the needs of the EUTF	20
Fees	25
Client references	10
TOTAL	100

Each proposal will be evaluated on its own merit with comparison to the scope of services and project requirements outlined within this RFP. For fee evaluation, the OFFEROR proposing the lowest total fee will receive the maximum points of 25. Other OFFERORS will be awarded points based on the following formula:

Lowest fee proposed/Fee proposed by OFFEROR X Maximum points = Points awarded to OFFEROR

The evaluation committee will determine the number of PLOs based on their scores as per this Section 4.4.

4.5 PHASE 3 - DISCUSSION AND/OR CLARIFICATION WITH PLOs (OPTIONAL)

"Clarification" means communication with the PLOs for the sole purpose of eliminating minor irregularities, informalities, or apparent clerical mistakes in the proposal. It is achieved by explanation or substantiation, either in response to inquiry or as initiated by the OFFEROR. Unlike discussion, clarification does not give the OFFEROR an opportunity to revise or modify its proposal, except to the extent that correction or apparent clerical mistakes results in a revision.

"Discussion" means any oral or written communication between the evaluation committee and the PLOs (other than communications conducted for the purpose of minor clarification), whether or not initiated by the EUTF, that (a) involves information essential for determining the acceptability of a proposal, or (b) provides the PLOs an opportunity to revise or modify its proposal.

If during discussions there is a need for any substantial clarification or change in the RFP, the RFP shall be amended by an addendum to incorporate the clarification or change. Addenda to the RFP shall be distributed only to PLOs.

Thereafter, the PLOs shall be permitted to submit new proposals or amend those submitted. The contents of any proposal shall not be disclosed to competing OFFERORS during discussions.

4.6 PHASE 4 - BAFO (IF APPLICABLE)

The evaluation committee will establish a date and time for the PLOs to submit their BAFO. A BAFO shall be submitted only once, unless the HOPA determines in writing that it is in the EUTF's best interest to conduct additional discussions or change the EUTF's requirements by an addendum distributed only to the PLOs and require another submission of a BAFO. Otherwise, no discussion or changes in the BAFOs will be allowed prior to award.

If a PLO does not submit a notice of withdrawal or another BAFO, their immediate previous offer will be construed as their BAFO.

After BAFOs are received, final evaluations will be conducted.

4.7 PHASE 5 - FINAL EVALUATION OF PROPOSALS

During this phase, the evaluation committee will conduct final evaluations of the PLOs' proposals in accordance with the criteria listed in Phase 2.

4.8 RECOMMENDATION FOR AWARD

The evaluation committee will evaluate and determine which proposal will be most advantageous to the EUTF. The evaluation committee will thereafter prepare a report

summarizing its findings and rankings and make a final recommendation to the EUTF Board as to the selection of the Contractor and award of the Project contract.

4.9 NOTIFICATION OF AWARD; NON-SELECTED OFFEROR

Upon award to the successful OFFEROR, the EUTF will publicly post a notice of award. The EUTF will also provide written notification of the award to any unsuccessful OFFEROR(s). The EUTF is not responsible for delays or non-receipt of such notification.

SECTION V: CONTRACT AWARD

5.1 AWARD OF CONTRACT

Based on the decision of the EUTF Board of Trustees, the EUTF will award the contract resulting from this RFP solicitation to the responsive and responsible OFFEROR whose proposal is deemed to be the most advantageous to the EUTF based on the evaluation criteria. The award will be posted pursuant to HRS§ 103D-303.

A contract may be awarded on the basis of initial proposal received, without discussion. Therefore, each initial proposal should contain the OFFEROR's best and most comprehensive proposal.

Pursuant to §103D-310(c), HRS, the selected OFFEROR (hereinafter "Contractor") shall produce documents to the procurement officer to demonstrate compliance with this section, as listed in Section 1.23, *Requirements for Doing Business in the State of Hawaii*.

5.2 CANCELLATION OF AWARD

The EUTF reserves the right to cancel the award of the contract, for any reason, any time before the contract is fully executed and approved.

5.3 EXECUTION OF CONTRACT

The successful Contractor shall be required to execute a formal written contract (Exhibit A) with the EUTF in accordance with the laws, rules, and regulations of the State. The successful Contractor shall return the signed contract to the EUTF within seven (7) calendar days or within such time as the EUTF may allow.

It is anticipated that the Contractor will be selected, and work will begin on or about March 2020. The EUTF does not encourage, and will not, in any way, be bound by work performed without the approval of the EUTF. The successful Contractor shall be required to adhere to the approved Project schedule at all times. Any scheduled work performed by the Contractor prior to approval by the EUTF to proceed is done at the Contractor's own risk.

The time of performance of the contract will be for 24 months upon the full execution of the contract and is subject to the availability of funds. If the EUTF determines that the Contractor's services are needed beyond 24 months, the EUTF shall have the sole discretion to exercise its rights to extend this contract for additional months as needed to facilitate completion of the Contractor's work under this agreement.

No work is to be undertaken by the Contractor prior to the full execution of the contract. The EUTF is not liable for any work, contract, costs, expenses, loss of profits, or any damages whatsoever incurred by the Contractor prior to the official starting date of the contract.

5.4 TERMINATION

The EUTF reserves the right to terminate the contract in whole or in part, should the EUTF determine that the Contractor is not performing in accordance with the terms and conditions of the contract or is failing to achieve the goals and objectives necessary for the successful completion of the Project.

The contract is subject to the availability of funds. If funds are not available, then the EUTF shall have the right to partially or fully terminate or suspend the contract under this RFP. If the EUTF does not exercise the right to fully terminate or suspend the contract, the EUTF shall determine which aspects of the contract shall move forward and which services shall be performed.

5.5 COMPENSATION

Payment will be made to the Contractor in accordance with the terms and conditions listed herein.

The Contractor's proposal price shall be inclusive of all costs, direct or indirect, including all taxes, required for the fulfillment of the contract.

Contract payments to the Contractor by the STATE shall be full payment for the furnishing of all labor, tools, equipment, and other incidentals, including all taxes, necessary for performing all work and services contemplated and embraced under the contract.

5.6 METHOD OF PAYMENT

Contractor shall submit an original invoice. The receipt of weekly or monthly status reports shall be due based on the timeline submitted by the Contractor in the proposal, or as amended. Contractor shall bill the EUTF on a monthly basis only for completed deliverables specified in the Management Plan, and that have been accepted by the EUTF.

5.7 LIQUIDATED DAMAGES

If the Contractor fails in its obligation to deliver the agreed upon completion of any deliverable item of the agreed upon and accepted management plan after the required date of said completion, the Contractor shall pay Liquidated Damages to the EUTF.

The Contractor agrees that in the event it fails to comply with any of the terms or provisions of the contract, the EUTF's damages would be uncertain and difficult (if not impossible) to accurately estimate because of the parties' inability to predict future damages and other relevant factors. Accordingly, the Contractor agrees that any fees, payments, or charges are not penalties, but instead are intended by the parties to be, and shall be deemed Liquidated Damages.

Such Liquidated Damages shall be deemed to be a genuine pre-estimate of the foreseeable damages incurred by the project due to delay and shall be the EUTF's sole recourse for late performance by the Contractor under the contract.

Liquidated Damages shall be assessed against the Contractor in the sum of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) per calendar day until the breach is remedied by the Contractor.

5.8 CONTRACT INVALIDATION

If any provision of this contract is found to be invalid, such invalidation shall not be construed to invalidate the entire contract.

5.9 WAIVER

The failure of the EUTF to insist upon the strict compliance with any term, provision, or condition of this contract shall not constitute or be deemed to constitute a waiver or relinquishment of the EUTF's right to enforce the same in accordance with this contract.

5.10 SEVERABILITY

In the event that any provision of this contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this contract.

5.11 GOVERNING LAW: COST OF LITIGATION

The validity of this contract and any of its terms or provisions, as well as the rights and duties of the parties to this contract, shall be governed by the laws of the State. Any action at law or equity to enforce or interpret the provisions of this contract shall be brought in a state court or competent jurisdiction in Honolulu, Hawaii.

In case the EUTF is made a part to any litigation commenced by or against the Contractor in connection with this contract, the Contractor shall indemnify, defend, and hold harmless the EUTF and shall pay all costs and expenses incurred by or imposed on the EUTF, including attorneys' fees.

SECTION VI: ATTACHMENTS AND EXHIBITS

- Attachment 1: OFFER FORM, OF-1
- Attachment 2: OFFER FORM, OF-2
- Attachment 3: EXCEPTIONS
- Attachment 4: INTENT TO BID FORM
- Attachment 5: CONFIDENTIAL INFORMATION
- Attachment 6: PERFORMANCE GUARANTEES
- Exhibit A: Contract Form and General Conditions
- Exhibit B: Business Associate Agreement
- Exhibit C: Feasibility Study Report
- Exhibit D: EUTF Administrative Rules

ATTACHMENT 1 - OFFER FORM OF-1

RFP No. 20-001 – Project Management and Consulting Services for a New Health Benefits Administration System

STATE OF HAWAII DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Procurement Officer
Department of Budget and Finance/EUTF
Honolulu, Hawaii 96813

Dear Procurement Officer:

The undersigned has carefully read and understands the terms and conditions specified in the Specifications and Special Provisions attached hereto, and in the General Conditions, by reference made a part hereof and available upon request; and hereby submits the following offer to perform the work specified herein, all in accordance with the true intent and meaning thereof. The undersigned further understands and agrees that by submitting this offer, 1) he/she is declaring his/her offer is not in violation of Chapter 84, Hawaii Revised Statutes, concerning prohibited State contracts, and 2) he/she is certifying that the price(s) submitted was (were) independently arrived at without collusion.

OFFEROR is a(n):

Sole Proprietor Partnership Joint Venture Other _____

*Corporation *State of incorporation: _____

Hawaii General Excise Tax License I.D. No. _____

Federal I.D. No. _____

Payment address (other than street address below): _____

City, State, Zip Code: _____

Business address (street address): _____

City, State, Zip Code: _____

Respectfully submitted:

Date: _____ (x) _____

Authorized (Original) Signature

E-mail Address: _____

Name and Title (Please Type or Print)

Telephone No.: _____

Fax No.: _____

Exact Name of OFFEROR**: _____

**If OFFEROR is a “dba” or a “division” of a corporation, furnish the exact legal name of the corporation under which the awarded contract will be executed

ATTACHMENT 2 - OFFER FORM OF-2

RFP No. 20-001 – Project Management and Consulting Services for a New Health Benefits Administration System

The following offer is hereby submitted for RFP No. 20-001, Project Management and Consulting Services for a New Health Benefits Administration System as specified herein:

The proposed prices submitted below for services related to the consulting services shall be paid to the selected Contractor. No other request for payment shall be honored. Contractor(s) shall be responsible for all taxes, fees, licenses, insurance, supplies, travel, and other costs. No other claims for payment shall be honored.

The services detailed in the Scope of Work should form the basis for the proposed fees and should be referred to for a detailed description of the services required of the successful OFFEROR. **A breakdown of the contract cost should be provided as an attachment.**

Cost - Not to include Data Consultant and Cleansing
(24 months) \$ _____

Data Consultant and Cleansing
Section 2.2 (9), (10) \$ _____

Optional extension
(month to month)
Monthly - \$ _____ Fees are based on a 12-month period \$ _____

Total Cost: \$ _____

The OFFEROR shall specify in its proposal the desired compensation for each of the above costs. If the EUTF does not exercise its right to any or all of the extensions of the contract above, OFFEROR’s final compensation shall be for the contract termination date as specified in this RFP. Provided that this contract may be further extended, as permitted by law and provided that funds have been appropriated, upon the mutual agreement of the parties and to facilitate completion of the Contractor’s work under this contract.

Note: Pricing shall include labor, materials, supplies, travel, all applicable taxes including the Hawaii General Excise Tax, and any other costs incurred to provide the specified services.

Point of Contact: _____

Telephone Number: _____ Fax Number _____

Email Address: _____

ATTACHMENT 3 – EXCEPTIONS

RFP No. 20-001 – Project Management and Consulting Services for a New Health Benefits Administration System

STATE OF HAWAII, DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

Should OFFEROR take any exception to the terms, conditions, specifications, or other requirements listed in the RFP, OFFEROR shall list such exceptions in the space below. OFFEROR shall reference the RFP section where the exception is taken, a description of the exception taken, and the proposed alternative, if any. The State reserves the right to accept or reject any request for exceptions.

ATTACHMENT 4 – INTENT TO BID FORM

RFP No. 20-001 – Project Management and Consulting Services for a New Health Benefits Administration System

STATE OF HAWAII, DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

Email or fax this Intent to Bid Form by October 4, 2019 to:

Mr. Derek M. Mizuno, Procurement Officer
Hawaii Employer-Union Health Benefits Trust Fund
Email: EUTF.RFP@hawaii.gov
Fax: (808) 586-2320

Company Name: _____

Address: _____

City, State, Zip: _____

Contact person: _____

Contact's title: _____

Phone: _____ Fax: _____

Email: _____

Submission of this Intent to Bid form is not mandatory and does not commit the OFFEROR to submitting a proposal. However, OFFERORS are encouraged to complete it and submit it to the EUTF by October 4, 2019 to ensure timely delivery of addenda and/or supplements to this RFP.

ATTACHMENT 5 – CONFIDENTIAL INFORMATION

RFP No. 20-001 – Project Management and Consulting Services for a New Health Benefits
Administration System

STATE OF HAWAII, DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

List all information believed to be confidential and not to be disclosed to the public. Identify the page numbers and sections in the proposal where the information is located.

Include one (1) signed, hard and unbound copy that redacts any proprietary, confidential, and trade secret information in the form of marked out pages (blacked out) of the master proposal for submission to the public under any request compliant with the public information laws of the State.

ATTACHMENT 6 – PERFORMANCE GUARANTEES

RFP No. 20-001 – Project Management and Consulting Services for a New Health Benefits Administration System

STATE OF HAWAII, DEPARTMENT OF BUDGET AND FINANCE
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND (EUTF)

Performance Guarantees are not negotiable. Performance Guarantees are based on the performance under the contract issued to the OFFEROR.

Guarantee	Amount at Risk	Frequency
Achieve a level 4 or higher (on a scale of 1 to 5) on Contractor service levels to the EUTF staff as rated by the EUTF staff selected by the Administrator. The EUTF will determine the evaluation criteria.	10% of total contract	Completion of services and prior to final payment
Maintain consistent Project Manager throughout the contract term unless a change is requested by the EUTF.	5% of total contract	Throughout contract term. May be assessed more than once, if applicable

EXHIBIT A

CONTRACT FORM AND GENERAL CONDITIONS

EXHIBIT B

BUSINESS ASSOCIATE AGREEMENT

EXHIBIT C

FEASIBILITY STUDY REPORT

EXHIBIT D

EUTF ADMINISTRATIVE RULES



STATE OF HAWAII
CONTRACT FOR GOODS OR SERVICES
BASED UPON
COMPETITIVE SEALED PROPOSALS

This Contract, executed on the respective dates indicated below, is effective as of
between
State of Hawaii ("STATE"), by its
(hereafter also referred to as the HEAD OF THE PURCHASING AGENCY or designee ("HOPA")),
whose address is
and
("CONTRACTOR"), a
under the laws of the State of
whose business address and federal
and state taxpayer identification numbers are as follows:

RECITALS

- A. The STATE desires to retain and engage the CONTRACTOR to provide the goods or services, or both, described in this Contract and its attachments, and the CONTRACTOR is agreeable to providing said goods or services or both.
B. The STATE has issued a request for competitive sealed proposals, and has received and reviewed proposals submitted in response to the request.
C. The solicitation for proposals and the selection of the CONTRACTOR were made in accordance with section 103D-303, Hawaii Revised Statutes ("HRS"), Hawaii Administrative Rules, Title 3, Department of Accounting and General Services, Subtitle 11 ("HAR"), Chapter 122, Subchapter 6, and applicable procedures established by the appropriate Chief Procurement Officer ("CPO").
D. The CONTRACTOR has been identified as the responsible and responsive offeror whose proposal is the most advantageous for the STATE, taking into consideration price and the evaluation factors set forth in the request.
E. Pursuant to, the STATE is authorized to enter into this Contract.
F. Money is available to fund this Contract pursuant to:

(1)
(Identify state sources)
or (2)
(Identify federal sources)
or both, in the following amounts: State \$
Federal \$

NOW, THEREFORE, in consideration of the promises contained in this Contract, the STATE and the CONTRACTOR agree as follows:
1. Scope of Services. The CONTRACTOR shall, in a proper and satisfactory manner as determined by the STATE, provide all the goods or services, or both, set forth in the request for competitive sealed proposals number ("RFP") and the CONTRACTOR'S accepted proposal ("Proposal"), both of which, even if not physically attached to this Contract, are made a part of this Contract.
2. Compensation. The CONTRACTOR shall be compensated for goods supplied

or services performed, or both, under this Contract in a total amount not to exceed _____ DOLLARS

(\$ _____), including approved costs incurred and taxes, at the time and in the manner set forth in the RFP and CONTRACTOR'S Proposal.

3. Time of Performance. The services or goods required of the CONTRACTOR under this Contract shall be performed and completed in accordance with the Time of Performance set forth in Attachment-S3, which is made a part of this Contract.

4. Bonds. The CONTRACTOR is required to provide or is not required to provide: a performance bond, a payment bond, a performance and payment bond in the amount of _____ DOLLARS (\$ _____).

5. Standards of Conduct Declaration. The Standards of Conduct Declaration of the CONTRACTOR is attached to and made a part of this Contract.

6. Other Terms and Conditions. The General Conditions and any Special Conditions are attached to and made a part of this Contract. In the event of a conflict between the General Conditions and the Special Conditions, the Special Conditions shall control. In the event of a conflict among the documents, the order of precedence shall be as follows: (1) this Contract, including all attachments and addenda; (2) the RFP, including all attachments and addenda; and (3) the Proposal.

7. Liquidated Damages. Liquidated damages shall be assessed in the amount of _____ DOLLARS (\$ _____) per day, in accordance with the terms of paragraph 9 of the General Conditions.

8. Notices. Any written notice required to be given by a party to this Contract shall be (a) delivered personally, or (b) sent by United States first class mail, postage prepaid. Notice to the STATE shall be sent to the HOPA'S address indicated in the Contract. Notice to the CONTRACTOR shall be sent to the CONTRACTOR'S address indicated in the Contract. A notice shall be deemed to have been received three (3) days after mailing or at the time of actual receipt, whichever is earlier. The CONTRACTOR is responsible for notifying the STATE in writing of any change of address.

IN VIEW OF THE ABOVE, the parties execute this Contract by their signatures, on the dates below, to be effective as of the date first above written.

STATE

(Signature)

(Print Name)

(Print Title)

(Date)

CONTRACTOR

(Name of Contractor)

(Signature)

(Print Name)

(Print Title)

(Date)

CORPORATE SEAL

(If available)

APPROVED AS TO FORM:

Deputy Attorney General

* Evidence of authority of the CONTRACTOR'S representative to sign this Contract for the CONTRACTOR must be attached.



STATE OF HAWAII

CONTRACTOR'S ACKNOWLEDGMENT

STATE OF _____)
) SS.
_____ COUNTY OF _____)

On this _____ day of _____, _____ before me appeared _____ and _____, to me known, to be the person(s) described in and, who, being by me duly sworn, did say that he/she/they is/are _____ and _____ of _____, the CONTRACTOR named in the foregoing instrument, and that he/she/they is/are authorized to sign said instrument on behalf of the CONTRACTOR, and acknowledges that he/she/they executed said instrument as the free act and deed of the CONTRACTOR.

(Notary Stamp or Seal)

(Signature)

(Print Name)

Notary Public, State of _____

My commission expires: _____

Doc. Date: _____ # Pages: _____

Notary Name: _____ Circuit _____

Doc. Description: _____

(Notary Stamp or Seal)

Notary Signature Date

NOTARY CERTIFICATION



STATE OF HAWAII
CONTRACTOR'S
STANDARDS OF CONDUCT DECLARATION

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments, boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

On behalf of _____, CONTRACTOR, the undersigned does declare as follows:

1. CONTRACTOR is* is not a legislator or an employee or a business in which a legislator or an employee has a controlling interest. (Section 84-15(a), HRS).
2. CONTRACTOR has not been represented or assisted personally in the matter by an individual who has been an employee of the agency awarding this Contract within the preceding two years and who participated while so employed in the matter with which the Contract is directly concerned. (Section 84-15(b), HRS).
3. CONTRACTOR has not been assisted or represented by a legislator or employee for a fee or other compensation to obtain this Contract and will not be assisted or represented by a legislator or employee for a fee or other compensation in the performance of this Contract, if the legislator or employee had been involved in the development or award of the Contract. (Section 84-14 (d), HRS).
4. CONTRACTOR has not been represented on matters related to this Contract, for a fee or other consideration by an individual who, within the past twelve (12) months, has been an agency employee, or in the case of the Legislature, a legislator, and participated while an employee or legislator on matters related to this Contract. (Sections 84-18(b) and (c), HRS).

CONTRACTOR understands that the Contract to which this document is attached is voidable on behalf of the STATE if this Contract was entered into in violation of any provision of chapter 84, Hawaii Revised Statutes, commonly referred to as the Code of Ethics, including the provisions which are the source of the declarations above. Additionally, any fee, compensation, gift, or profit received by any person as a result of a violation of the Code of Ethics may be recovered by the STATE.

* Reminder to Agency: If the "is" block is checked and if the Contract involves goods or services of a value in excess of \$10,000, the Contract must be awarded by competitive sealed bidding under section 103D-302, HRS, or a competitive sealed proposal under section 103D-303, HRS. Otherwise, the Agency may not award the Contract unless it posts a notice of its intent to award it and files a copy of the notice with the State Ethics Commission. (Section 84-15(a), HRS).

CONTRACTOR

By _____

(Signature)

Print Name _____

Print Title _____

Name of Contractor _____

Date _____



STATE OF HAWAII
SCOPE OF SERVICES



STATE OF HAWAII
COMPENSATION AND PAYMENT SCHEDULE



STATE OF HAWAII
TIME OF PERFORMANCE



STATE OF HAWAII

**CERTIFICATE OF EXEMPTION
FROM CIVIL SERVICE**

1. By Heads of Departments Delegated by the Director of the Department of Human Resources Development (“DHRD”).*

Pursuant to a delegation of the authority by the Director of DHRD, I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to § 76-16, Hawaii Revised Statutes (HRS).

(Signature)

(Date)

(Print Name)

(Print Title)

* This part of the form may be used by all department heads and the heads of attached agencies to whom the Director of DHRD expressly has delegated authority to certify § 76-16, HRS, civil service exemptions. The specific paragraph(s) of § 76-16, HRS, upon which an exemption is based should be noted in the contract file. If an exemption is based on § 76-16(b)(15), the contract must meet the following conditions:

- (1) It involves the delivery of completed work or product by or during a specific time;
- (2) There is no employee-employer relationship; and
- (3) The authorized funding for the service is from other than the "A" or personal services cost element.

NOTE: Not all attached agencies have received a delegation under § 76-16(b)(15). If in doubt, attached agencies should check with the Director of DHRD prior to certifying an exemption under § 76-16(b)(15). Authority to certify exemptions under §§76-16(b)(2), and 76-16(b)(12), HRS, has not been delegated; only the Director of DHRD may certify §§ 76-16(b)(2), and 76-16(b)(12) exemptions.

2. By the Director of DHRD, State of Hawaii.

I certify that the services to be provided under this Contract, and the person(s) providing the services under this Contract are exempt from the civil service, pursuant to §76-16, HRS.

(Signature)

(Date)

(Print Name)

(Print Title, if designee of the Director of DHRD)

GENERAL CONDITIONS

Table of Contents

	<u>Page(s)</u>
1. Coordination of Services by the STATE.....	2
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.....	2
3. Personnel Requirements	3
4. Nondiscrimination	3
5. Conflicts of Interest	3
6. Subcontracts and Assignments	3
7. Indemnification and Defense.....	4
8. Cost of Litigation.....	4
9. Liquidated Damages	4
10. STATE'S Right of Offset.....	4
11. Disputes	4
12. Suspension of Contract.....	4
13. Termination for Default.....	5
14. Termination for Convenience.....	6
15. Claims Based on the Agency Procurement Officer's Actions or Omissions.....	8
16. Costs and Expenses	8
17. Payment Procedures; Final Payment; Tax Clearance	9
18. Federal Funds	9
19. Modifications of Contract.....	9
20. Change Order.....	10
21. Price Adjustment	11
22. Variation in Quantity for Definite Quantity Contracts	11
23. Changes in Cost-Reimbursement Contract.....	11
24. Confidentiality of Material	12
25. Publicity.....	12
26. Ownership Rights and Copyright	12
27. Liens and Warranties	12
28. Audit of Books and Records of the CONTRACTOR.....	13
29. Cost or Pricing Data	13
30. Audit of Cost or Pricing Data	13
31. Records Retention.....	13
32. Antitrust Claims.....	13
33. Patented Articles.....	13
34. Governing Law	14
35. Compliance with Laws	14
36. Conflict between General Conditions and Procurement Rules	14
37. Entire Contract.....	14
38. Severability.....	14
39. Waiver	14
40. Pollution Control	14
41. Campaign Contributions.....	14
42. Confidentiality of Personal Information.....	14

GENERAL CONDITIONS

1. Coordination of Services by the STATE. The head of the purchasing agency ("HOPA") (which term includes the designee of the HOPA) shall coordinate the services to be provided by the CONTRACTOR in order to complete the performance required in the Contract. The CONTRACTOR shall maintain communications with HOPA at all stages of the CONTRACTOR'S work, and submit to HOPA for resolution any questions which may arise as to the performance of this Contract. "Purchasing agency" as used in these General Conditions means and includes any governmental body which is authorized under chapter 103D, HRS, or its implementing rules and procedures, or by way of delegation, to enter into contracts for the procurement of goods or services or both.
2. Relationship of Parties: Independent Contractor Status and Responsibilities, Including Tax Responsibilities.
 - a. In the performance of services required under this Contract, the CONTRACTOR is an "independent contractor," with the authority and responsibility to control and direct the performance and details of the work and services required under this Contract; however, the STATE shall have a general right to inspect work in progress to determine whether, in the STATE'S opinion, the services are being performed by the CONTRACTOR in compliance with this Contract. Unless otherwise provided by special condition, it is understood that the STATE does not agree to use the CONTRACTOR exclusively, and that the CONTRACTOR is free to contract to provide services to other individuals or entities while under contract with the STATE.
 - b. The CONTRACTOR and the CONTRACTOR'S employees and agents are not by reason of this Contract, agents or employees of the State for any purpose, and the CONTRACTOR and the CONTRACTOR'S employees and agents shall not be entitled to claim or receive from the State any vacation, sick leave, retirement, workers' compensation, unemployment insurance, or other benefits provided to state employees.
 - c. The CONTRACTOR shall be responsible for the accuracy, completeness, and adequacy of the CONTRACTOR'S performance under this Contract. Furthermore, the CONTRACTOR intentionally, voluntarily, and knowingly assumes the sole and entire liability to the CONTRACTOR'S employees and agents, and to any individual not a party to this Contract, for all loss, damage, or injury caused by the CONTRACTOR, or the CONTRACTOR'S employees or agents in the course of their employment.
 - d. The CONTRACTOR shall be responsible for payment of all applicable federal, state, and county taxes and fees which may become due and owing by the CONTRACTOR by reason of this Contract, including but not limited to (i) income taxes, (ii) employment related fees, assessments, and taxes, and (iii) general excise taxes. The CONTRACTOR also is responsible for obtaining all licenses, permits, and certificates that may be required in order to perform this Contract.
 - e. The CONTRACTOR shall obtain a general excise tax license from the Department of Taxation, State of Hawaii, in accordance with section 237-9, HRS, and shall comply with all requirements thereof. The CONTRACTOR shall obtain a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of the Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid and submit the same to the STATE prior to commencing any performance under this Contract. The CONTRACTOR shall also be solely responsible for meeting all requirements necessary to obtain the tax clearance certificate required for final payment under sections 103-53 and 103D-328, HRS, and paragraph 17 of these General Conditions.
 - f. The CONTRACTOR is responsible for securing all employee-related insurance coverage for the CONTRACTOR and the CONTRACTOR'S employees and agents that is or may be required by law, and for payment of all premiums, costs, and other liabilities associated with securing the insurance coverage.

- g. The CONTRACTOR shall obtain a certificate of compliance issued by the Department of Labor and Industrial Relations, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- h. The CONTRACTOR shall obtain a certificate of good standing issued by the Department of Commerce and Consumer Affairs, State of Hawaii, in accordance with section 103D-310, HRS, and section 3-122-112, HAR, that is current within six months of the date of issuance.
- i. In lieu of the above certificates from the Department of Taxation, Labor and Industrial Relations, and Commerce and Consumer Affairs, the CONTRACTOR may submit proof of compliance through the State Procurement Office's designated certification process.

3. Personnel Requirements.

- a. The CONTRACTOR shall secure, at the CONTRACTOR'S own expense, all personnel required to perform this Contract.
- b. The CONTRACTOR shall ensure that the CONTRACTOR'S employees or agents are experienced and fully qualified to engage in the activities and perform the services required under this Contract, and that all applicable licensing and operating requirements imposed or required under federal, state, or county law, and all applicable accreditation and other standards of quality generally accepted in the field of the activities of such employees and agents are complied with and satisfied.

4. Nondiscrimination. No person performing work under this Contract, including any subcontractor, employee, or agent of the CONTRACTOR, shall engage in any discrimination that is prohibited by any applicable federal, state, or county law.

5. Conflicts of Interest. The CONTRACTOR represents that neither the CONTRACTOR, nor any employee or agent of the CONTRACTOR, presently has any interest, and promises that no such interest, direct or indirect, shall be acquired, that would or might conflict in any manner or degree with the CONTRACTOR'S performance under this Contract.

6. Subcontracts and Assignments. The CONTRACTOR shall not assign or subcontract any of the CONTRACTOR'S duties, obligations, or interests under this Contract and no such assignment or subcontract shall be effective unless (i) the CONTRACTOR obtains the prior written consent of the STATE, and (ii) the CONTRACTOR'S assignee or subcontractor submits to the STATE a tax clearance certificate from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR'S assignee or subcontractor have been paid. Additionally, no assignment by the CONTRACTOR of the CONTRACTOR'S right to compensation under this Contract shall be effective unless and until the assignment is approved by the Comptroller of the State of Hawaii, as provided in section 40-58, HRS.

a. Recognition of a successor in interest. When in the best interest of the State, a successor in interest may be recognized in an assignment contract in which the STATE, the CONTRACTOR and the assignee or transferee (hereinafter referred to as the "Assignee") agree that:

- (1) The Assignee assumes all of the CONTRACTOR'S obligations;
- (2) The CONTRACTOR remains liable for all obligations under this Contract but waives all rights under this Contract as against the STATE; and
- (3) The CONTRACTOR shall continue to furnish, and the Assignee shall also furnish, all required bonds.

b. Change of name. When the CONTRACTOR asks to change the name in which it holds this Contract with the STATE, the procurement officer of the purchasing agency (hereinafter referred to as the "Agency procurement officer") shall, upon receipt of a document acceptable or satisfactory to the

Agency procurement officer indicating such change of name (for example, an amendment to the CONTRACTOR'S articles of incorporation), enter into an amendment to this Contract with the CONTRACTOR to effect such a change of name. The amendment to this Contract changing the CONTRACTOR'S name shall specifically indicate that no other terms and conditions of this Contract are thereby changed.

- c. Reports. All assignment contracts and amendments to this Contract effecting changes of the CONTRACTOR'S name or novations hereunder shall be reported to the chief procurement officer (CPO) as defined in section 103D-203(a), HRS, within thirty days of the date that the assignment contract or amendment becomes effective.
 - d. Actions affecting more than one purchasing agency. Notwithstanding the provisions of subparagraphs 6a through 6c herein, when the CONTRACTOR holds contracts with more than one purchasing agency of the State, the assignment contracts and the novation and change of name amendments herein authorized shall be processed only through the CPO's office.
7. Indemnification and Defense. The CONTRACTOR shall defend, indemnify, and hold harmless the State of Hawaii, the contracting agency, and their officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefore, arising out of or resulting from the acts or omissions of the CONTRACTOR or the CONTRACTOR'S employees, officers, agents, or subcontractors under this Contract. The provisions of this paragraph shall remain in full force and effect notwithstanding the expiration or early termination of this Contract.
 8. Cost of Litigation. In case the STATE shall, without any fault on its part, be made a party to any litigation commenced by or against the CONTRACTOR in connection with this Contract, the CONTRACTOR shall pay all costs and expenses incurred by or imposed on the STATE, including attorneys' fees.
 9. Liquidated Damages. When the CONTRACTOR is given notice of delay or nonperformance as specified in paragraph 13 (Termination for Default) and fails to cure in the time specified, it is agreed the CONTRACTOR shall pay to the STATE the amount, if any, set forth in this Contract per calendar day from the date set for cure until either (i) the STATE reasonably obtains similar goods or services, or both, if the CONTRACTOR is terminated for default, or (ii) until the CONTRACTOR provides the goods or services, or both, if the CONTRACTOR is not terminated for default. To the extent that the CONTRACTOR'S delay or nonperformance is excused under paragraph 13d (Excuse for Nonperformance or Delay Performance), liquidated damages shall not be assessable against the CONTRACTOR. The CONTRACTOR remains liable for damages caused other than by delay.
 10. STATE'S Right of Offset. The STATE may offset against any monies or other obligations the STATE owes to the CONTRACTOR under this Contract, any amounts owed to the State of Hawaii by the CONTRACTOR under this Contract or any other contracts, or pursuant to any law or other obligation owed to the State of Hawaii by the CONTRACTOR, including, without limitation, the payment of any taxes or levies of any kind or nature. The STATE will notify the CONTRACTOR in writing of any offset and the nature of such offset. For purposes of this paragraph, amounts owed to the State of Hawaii shall not include debts or obligations which have been liquidated, agreed to by the CONTRACTOR, and are covered by an installment payment or other settlement plan approved by the State of Hawaii, provided, however, that the CONTRACTOR shall be entitled to such exclusion only to the extent that the CONTRACTOR is current with, and not delinquent on, any payments or obligations owed to the State of Hawaii under such payment or other settlement plan.
 11. Disputes. Disputes shall be resolved in accordance with section 103D-703, HRS, and chapter 3-126, Hawaii Administrative Rules ("HAR"), as the same may be amended from time to time.
 12. Suspension of Contract. The STATE reserves the right at any time and for any reason to suspend this Contract for any reasonable period, upon written notice to the CONTRACTOR in accordance with the provisions herein.
 - a. Order to stop performance. The Agency procurement officer may, by written order to the CONTRACTOR, at any time, and without notice to any surety, require the CONTRACTOR to stop all or any part of the performance called for by this Contract. This order shall be for a specified

period not exceeding sixty (60) days after the order is delivered to the CONTRACTOR, unless the parties agree to any further period. Any such order shall be identified specifically as a stop performance order issued pursuant to this section. Stop performance orders shall include, as appropriate: (1) A clear description of the work to be suspended; (2) Instructions as to the issuance of further orders by the CONTRACTOR for material or services; (3) Guidance as to action to be taken on subcontracts; and (4) Other instructions and suggestions to the CONTRACTOR for minimizing costs. Upon receipt of such an order, the CONTRACTOR shall forthwith comply with its terms and suspend all performance under this Contract at the time stated, provided, however, the CONTRACTOR shall take all reasonable steps to minimize the occurrence of costs allocable to the performance covered by the order during the period of performance stoppage. Before the stop performance order expires, or within any further period to which the parties shall have agreed, the Agency procurement officer shall either:

- (1) Cancel the stop performance order; or
- (2) Terminate the performance covered by such order as provided in the termination for default provision or the termination for convenience provision of this Contract.

b. Cancellation or expiration of the order. If a stop performance order issued under this section is cancelled at any time during the period specified in the order, or if the period of the order or any extension thereof expires, the CONTRACTOR shall have the right to resume performance. An appropriate adjustment shall be made in the delivery schedule or contract price, or both, and the Contract shall be modified in writing accordingly, if:

- (1) The stop performance order results in an increase in the time required for, or in the CONTRACTOR'S cost properly allocable to, the performance of any part of this Contract; and
- (2) The CONTRACTOR asserts a claim for such an adjustment within thirty (30) days after the end of the period of performance stoppage; provided that, if the Agency procurement officer decides that the facts justify such action, any such claim asserted may be received and acted upon at any time prior to final payment under this Contract.

c. Termination of stopped performance. If a stop performance order is not cancelled and the performance covered by such order is terminated for default or convenience, the reasonable costs resulting from the stop performance order shall be allowable by adjustment or otherwise.

d. Adjustment of price. Any adjustment in contract price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

13. Termination for Default.

a. Default. If the CONTRACTOR refuses or fails to perform any of the provisions of this Contract with such diligence as will ensure its completion within the time specified in this Contract, or any extension thereof, otherwise fails to timely satisfy the Contract provisions, or commits any other substantial breach of this Contract, the Agency procurement officer may notify the CONTRACTOR in writing of the delay or non-performance and if not cured in ten (10) days or any longer time specified in writing by the Agency procurement officer, such officer may terminate the CONTRACTOR'S right to proceed with the Contract or such part of the Contract as to which there has been delay or a failure to properly perform. In the event of termination in whole or in part, the Agency procurement officer may procure similar goods or services in a manner and upon the terms deemed appropriate by the Agency procurement officer. The CONTRACTOR shall continue performance of the Contract to the extent it is not terminated and shall be liable for excess costs incurred in procuring similar goods or services.

b. CONTRACTOR'S duties. Notwithstanding termination of the Contract and subject to any directions from the Agency procurement officer, the CONTRACTOR shall take timely, reasonable, and

necessary action to protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest.

- c. Compensation. Payment for completed goods and services delivered and accepted by the STATE shall be at the price set forth in the Contract. Payment for the protection and preservation of property shall be in an amount agreed upon by the CONTRACTOR and the Agency procurement officer. If the parties fail to agree, the Agency procurement officer shall set an amount subject to the CONTRACTOR'S rights under chapter 3-126, HAR. The STATE may withhold from amounts due the CONTRACTOR such sums as the Agency procurement officer deems to be necessary to protect the STATE against loss because of outstanding liens or claims and to reimburse the STATE for the excess costs expected to be incurred by the STATE in procuring similar goods and services.
- d. Excuse for nonperformance or delayed performance. The CONTRACTOR shall not be in default by reason of any failure in performance of this Contract in accordance with its terms, including any failure by the CONTRACTOR to make progress in the prosecution of the performance hereunder which endangers such performance, if the CONTRACTOR has notified the Agency procurement officer within fifteen (15) days after the cause of the delay and the failure arises out of causes such as: acts of God; acts of a public enemy; acts of the State and any other governmental body in its sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes or other labor disputes; freight embargoes; or unusually severe weather. If the failure to perform is caused by the failure of a subcontractor to perform or to make progress, and if such failure arises out of causes similar to those set forth above, the CONTRACTOR shall not be deemed to be in default, unless the goods and services to be furnished by the subcontractor were reasonably obtainable from other sources in sufficient time to permit the CONTRACTOR to meet the requirements of the Contract. Upon request of the CONTRACTOR, the Agency procurement officer shall ascertain the facts and extent of such failure, and, if such officer determines that any failure to perform was occasioned by any one or more of the excusable causes, and that, but for the excusable cause, the CONTRACTOR'S progress and performance would have met the terms of the Contract, the delivery schedule shall be revised accordingly, subject to the rights of the STATE under this Contract. As used in this paragraph, the term "subcontractor" means subcontractor at any tier.
- e. Erroneous termination for default. If, after notice of termination of the CONTRACTOR'S right to proceed under this paragraph, it is determined for any reason that the CONTRACTOR was not in default under this paragraph, or that the delay was excusable under the provisions of subparagraph 13d, "Excuse for nonperformance or delayed performance," the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to paragraph 14.
- f. Additional rights and remedies. The rights and remedies provided in this paragraph are in addition to any other rights and remedies provided by law or under this Contract.

14. Termination for Convenience.

- a. Termination. The Agency procurement officer may, when the interests of the STATE so require, terminate this Contract in whole or in part, for the convenience of the STATE. The Agency procurement officer shall give written notice of the termination to the CONTRACTOR specifying the part of the Contract terminated and when termination becomes effective.
- b. CONTRACTOR'S obligations. The CONTRACTOR shall incur no further obligations in connection with the terminated performance and on the date(s) set in the notice of termination the CONTRACTOR will stop performance to the extent specified. The CONTRACTOR shall also terminate outstanding orders and subcontracts as they relate to the terminated performance. The CONTRACTOR shall settle the liabilities and claims arising out of the termination of subcontracts and orders connected with the terminated performance subject to the STATE'S approval. The Agency procurement officer may direct the CONTRACTOR to assign the CONTRACTOR'S right, title, and interest under terminated orders or subcontracts to the STATE. The CONTRACTOR must still complete the performance not terminated by the notice of termination and may incur obligations as necessary to do so.

- c. Right to goods and work product. The Agency procurement officer may require the CONTRACTOR to transfer title and deliver to the STATE in the manner and to the extent directed by the Agency procurement officer:

- (1) Any completed goods or work product; and
- (2) The partially completed goods and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information, and contract rights (hereinafter called "manufacturing material") as the CONTRACTOR has specifically produced or specially acquired for the performance of the terminated part of this Contract.

The CONTRACTOR shall, upon direction of the Agency procurement officer, protect and preserve property in the possession of the CONTRACTOR in which the STATE has an interest. If the Agency procurement officer does not exercise this right, the CONTRACTOR shall use best efforts to sell such goods and manufacturing materials. Use of this paragraph in no way implies that the STATE has breached the Contract by exercise of the termination for convenience provision.

- d. Compensation.

- (1) The CONTRACTOR shall submit a termination claim specifying the amounts due because of the termination for convenience together with the cost or pricing data, submitted to the extent required by chapter 3-122, HAR, bearing on such claim. If the CONTRACTOR fails to file a termination claim within one year from the effective date of termination, the Agency procurement officer may pay the CONTRACTOR, if at all, an amount set in accordance with subparagraph 14d(3) below.
- (2) The Agency procurement officer and the CONTRACTOR may agree to a settlement provided the CONTRACTOR has filed a termination claim supported by cost or pricing data submitted as required and that the settlement does not exceed the total Contract price plus settlement costs reduced by payments previously made by the STATE, the proceeds of any sales of goods and manufacturing materials under subparagraph 14c, and the Contract price of the performance not terminated.
- (3) Absent complete agreement under subparagraph 14d(2) the Agency procurement officer shall pay the CONTRACTOR the following amounts, provided payments agreed to under subparagraph 14d(2) shall not duplicate payments under this subparagraph for the following:
 - (A) Contract prices for goods or services accepted under the Contract;
 - (B) Costs incurred in preparing to perform and performing the terminated portion of the performance plus a fair and reasonable profit on such portion of the performance, such profit shall not include anticipatory profit or consequential damages, less amounts paid or to be paid for accepted goods or services; provided, however, that if it appears that the CONTRACTOR would have sustained a loss if the entire Contract would have been completed, no profit shall be allowed or included and the amount of compensation shall be reduced to reflect the anticipated rate of loss;
 - (C) Costs of settling and paying claims arising out of the termination of subcontracts or orders pursuant to subparagraph 14b. These costs must not include costs paid in accordance with subparagraph 14d(3)(B);
 - (D) The reasonable settlement costs of the CONTRACTOR, including accounting, legal, clerical, and other expenses reasonably necessary for the preparation of settlement claims and supporting data with respect to the terminated portion of the Contract and for the termination of subcontracts thereunder, together with reasonable storage, transportation, and other costs incurred in connection with the protection or disposition of property allocable to the terminated portion of this Contract. The total sum to be paid the CONTRACTOR under this subparagraph shall not exceed the

total Contract price plus the reasonable settlement costs of the CONTRACTOR reduced by the amount of payments otherwise made, the proceeds of any sales of supplies and manufacturing materials under subparagraph 14d(2), and the contract price of performance not terminated.

- (4) Costs claimed, agreed to, or established under subparagraphs 14d(2) and 14d(3) shall be in accordance with Chapter 3-123 (Cost Principles) of the Procurement Rules.

15. Claims Based on the Agency Procurement Officer's Actions or Omissions.

a. Changes in scope. If any action or omission on the part of the Agency procurement officer (which term includes the designee of such officer for purposes of this paragraph 15) requiring performance changes within the scope of the Contract constitutes the basis for a claim by the CONTRACTOR for additional compensation, damages, or an extension of time for completion, the CONTRACTOR shall continue with performance of the Contract in compliance with the directions or orders of such officials, but by so doing, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, damages, or an extension of time for completion; provided:

- (1) Written notice required. The CONTRACTOR shall give written notice to the Agency procurement officer:

- (A) Prior to the commencement of the performance involved, if at that time the CONTRACTOR knows of the occurrence of such action or omission;

- (B) Within thirty (30) days after the CONTRACTOR knows of the occurrence of such action or omission, if the CONTRACTOR did not have such knowledge prior to the commencement of the performance; or

- (C) Within such further time as may be allowed by the Agency procurement officer in writing.

- (2) Notice content. This notice shall state that the CONTRACTOR regards the act or omission as a reason which may entitle the CONTRACTOR to additional compensation, damages, or an extension of time. The Agency procurement officer, upon receipt of such notice, may rescind such action, remedy such omission, or take such other steps as may be deemed advisable in the discretion of the Agency procurement officer;

- (3) Basis must be explained. The notice required by subparagraph 15a(1) describes as clearly as practicable at the time the reasons why the CONTRACTOR believes that additional compensation, damages, or an extension of time may be remedies to which the CONTRACTOR is entitled; and

- (4) Claim must be justified. The CONTRACTOR must maintain and, upon request, make available to the Agency procurement officer within a reasonable time, detailed records to the extent practicable, and other documentation and evidence satisfactory to the STATE, justifying the claimed additional costs or an extension of time in connection with such changes.

b. CONTRACTOR not excused. Nothing herein contained, however, shall excuse the CONTRACTOR from compliance with any rules or laws precluding any state officers and CONTRACTOR from acting in collusion or bad faith in issuing or performing change orders which are clearly not within the scope of the Contract.

c. Price adjustment. Any adjustment in the price made pursuant to this paragraph shall be determined in accordance with the price adjustment provision of this Contract.

16. Costs and Expenses. Any reimbursement due the CONTRACTOR for per diem and transportation expenses under this Contract shall be subject to chapter 3-123 (Cost Principles), HAR, and the following guidelines:

- a. Reimbursement for air transportation shall be for actual cost or coach class air fare, whichever is less.
- b. Reimbursement for ground transportation costs shall not exceed the actual cost of renting an intermediate-sized vehicle.
- c. Unless prior written approval of the HOPA is obtained, reimbursement for subsistence allowance (i.e., hotel and meals, etc.) shall not exceed the applicable daily authorized rates for inter-island or out-of-state travel that are set forth in the current Governor's Executive Order authorizing adjustments in salaries and benefits for state officers and employees in the executive branch who are excluded from collective bargaining coverage.

17. Payment Procedures; Final Payment; Tax Clearance.

- a. Original invoices required. All payments under this Contract shall be made only upon submission by the CONTRACTOR of original invoices specifying the amount due and certifying that services requested under the Contract have been performed by the CONTRACTOR according to the Contract.
- b. Subject to available funds. Such payments are subject to availability of funds and allotment by the Director of Finance in accordance with chapter 37, HRS. Further, all payments shall be made in accordance with and subject to chapter 40, HRS.
- c. Prompt payment.
 - (1) Any money, other than retainage, paid to the CONTRACTOR shall be disbursed to subcontractors within ten (10) days after receipt of the money in accordance with the terms of the subcontract; provided that the subcontractor has met all the terms and conditions of the subcontract and there are no bona fide disputes; and
 - (2) Upon final payment to the CONTRACTOR, full payment to the subcontractor, including retainage, shall be made within ten (10) days after receipt of the money; provided that there are no bona fide disputes over the subcontractor's performance under the subcontract.
- d. Final payment. Final payment under this Contract shall be subject to sections 103-53 and 103D-328, HRS, which require a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid. Further, in accordance with section 3-122-112, HAR, CONTRACTOR shall provide a certificate affirming that the CONTRACTOR has remained in compliance with all applicable laws as required by this section.

18. Federal Funds. If this Contract is payable in whole or in part from federal funds, CONTRACTOR agrees that, as to the portion of the compensation under this Contract to be payable from federal funds, the CONTRACTOR shall be paid only from such funds received from the federal government, and shall not be paid from any other funds. Failure of the STATE to receive anticipated federal funds shall not be considered a breach by the STATE or an excuse for nonperformance by the CONTRACTOR.

19. Modifications of Contract.

- a. In writing. Any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract permitted by this Contract shall be made by written amendment to this Contract, signed by the CONTRACTOR and the STATE, provided that change orders shall be made in accordance with paragraph 20 herein.
- b. No oral modification. No oral modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract shall be permitted.

- c. Agency procurement officer. By written order, at any time, and without notice to any surety, the Agency procurement officer may unilaterally order of the CONTRACTOR:
 - (A) Changes in the work within the scope of the Contract; and
 - (B) Changes in the time of performance of the Contract that do not alter the scope of the Contract work.
 - d. Adjustments of price or time for performance. If any modification increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, an adjustment shall be made and this Contract modified in writing accordingly. Any adjustment in contract price made pursuant to this clause shall be determined, where applicable, in accordance with the price adjustment clause of this Contract or as negotiated.
 - e. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if written modification of the Contract is not made prior to final payment under this Contract.
 - f. Claims not barred. In the absence of a written contract modification, nothing in this clause shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under this Contract or for a breach of contract.
 - g. Head of the purchasing agency approval. If this is a professional services contract awarded pursuant to section 103D-303 or 103D-304, HRS, any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract which increases the amount payable to the CONTRACTOR by at least \$25,000.00 and ten per cent (10%) or more of the initial contract price, must receive the prior approval of the head of the purchasing agency.
 - h. Tax clearance. The STATE may, at its discretion, require the CONTRACTOR to submit to the STATE, prior to the STATE'S approval of any modification, alteration, amendment, change, or extension of any term, provision, or condition of this Contract, a tax clearance from the Director of Taxation, State of Hawaii, and the Internal Revenue Service, U.S. Department of Treasury, showing that all delinquent taxes, if any, levied or accrued under state law and the Internal Revenue Code of 1986, as amended, against the CONTRACTOR have been paid.
 - i. Sole source contracts. Amendments to sole source contracts that would change the original scope of the Contract may only be made with the approval of the CPO. Annual renewal of a sole source contract for services should not be submitted as an amendment.
20. Change Order. The Agency procurement officer may, by a written order signed only by the STATE, at any time, and without notice to any surety, and subject to all appropriate adjustments, make changes within the general scope of this Contract in any one or more of the following:
- (1) Drawings, designs, or specifications, if the goods or services to be furnished are to be specially provided to the STATE in accordance therewith;
 - (2) Method of delivery; or
 - (3) Place of delivery.
- a. Adjustments of price or time for performance. If any change order increases or decreases the CONTRACTOR'S cost of, or the time required for, performance of any part of the work under this Contract, whether or not changed by the order, an adjustment shall be made and the Contract modified in writing accordingly. Any adjustment in the Contract price made pursuant to this provision shall be determined in accordance with the price adjustment provision of this Contract. Failure of the parties to agree to an adjustment shall not excuse the CONTRACTOR from proceeding with the Contract as changed, provided that the Agency procurement officer promptly and duly makes the provisional adjustments in payment or time for performance as may be reasonable. By

proceeding with the work, the CONTRACTOR shall not be deemed to have prejudiced any claim for additional compensation, or any extension of time for completion.

- b. Time period for claim. Within ten (10) days after receipt of a written change order under subparagraph 20a, unless the period is extended by the Agency procurement officer in writing, the CONTRACTOR shall respond with a claim for an adjustment. The requirement for a timely written response by CONTRACTOR cannot be waived and shall be a condition precedent to the assertion of a claim.
- c. Claim barred after final payment. No claim by the CONTRACTOR for an adjustment hereunder shall be allowed if a written response is not given prior to final payment under this Contract.
- d. Other claims not barred. In the absence of a change order, nothing in this paragraph 20 shall be deemed to restrict the CONTRACTOR'S right to pursue a claim under the Contract or for breach of contract.

21. Price Adjustment.

- a. Price adjustment. Any adjustment in the contract price pursuant to a provision in this Contract shall be made in one or more of the following ways:
 - (1) By agreement on a fixed price adjustment before commencement of the pertinent performance or as soon thereafter as practicable;
 - (2) By unit prices specified in the Contract or subsequently agreed upon;
 - (3) By the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as specified in the Contract or subsequently agreed upon;
 - (4) In such other manner as the parties may mutually agree; or
 - (5) In the absence of agreement between the parties, by a unilateral determination by the Agency procurement officer of the costs attributable to the event or situation covered by the provision, plus appropriate profit or fee, all as computed by the Agency procurement officer in accordance with generally accepted accounting principles and applicable sections of chapters 3-123 and 3-126, HAR.
- b. Submission of cost or pricing data. The CONTRACTOR shall provide cost or pricing data for any price adjustments subject to the provisions of chapter 3-122, HAR.

22. Variation in Quantity for Definite Quantity Contracts. Upon the agreement of the STATE and the CONTRACTOR, the quantity of goods or services, or both, if a definite quantity is specified in this Contract, may be increased by a maximum of ten per cent (10%); provided the unit prices will remain the same except for any price adjustments otherwise applicable; and the Agency procurement officer makes a written determination that such an increase will either be more economical than awarding another contract or that it would not be practical to award another contract.

23. Changes in Cost-Reimbursement Contract. If this Contract is a cost-reimbursement contract, the following provisions shall apply:

- a. The Agency procurement officer may at any time by written order, and without notice to the sureties, if any, make changes within the general scope of the Contract in any one or more of the following:
 - (1) Description of performance (Attachment 1);
 - (2) Time of performance (i.e., hours of the day, days of the week, etc.);
 - (3) Place of performance of services;

- (4) Drawings, designs, or specifications when the supplies to be furnished are to be specially manufactured for the STATE in accordance with the drawings, designs, or specifications;
 - (5) Method of shipment or packing of supplies; or
 - (6) Place of delivery.
- b. If any change causes an increase or decrease in the estimated cost of, or the time required for performance of, any part of the performance under this Contract, whether or not changed by the order, or otherwise affects any other terms and conditions of this Contract, the Agency procurement officer shall make an equitable adjustment in the (1) estimated cost, delivery or completion schedule, or both; (2) amount of any fixed fee; and (3) other affected terms and shall modify the Contract accordingly.
 - c. The CONTRACTOR must assert the CONTRACTOR'S rights to an adjustment under this provision within thirty (30) days from the day of receipt of the written order. However, if the Agency procurement officer decides that the facts justify it, the Agency procurement officer may receive and act upon a proposal submitted before final payment under the Contract.
 - d. Failure to agree to any adjustment shall be a dispute under paragraph 11 of this Contract. However, nothing in this provision shall excuse the CONTRACTOR from proceeding with the Contract as changed.
 - e. Notwithstanding the terms and conditions of subparagraphs 23a and 23b, the estimated cost of this Contract and, if this Contract is incrementally funded, the funds allotted for the performance of this Contract, shall not be increased or considered to be increased except by specific written modification of the Contract indicating the new contract estimated cost and, if this contract is incrementally funded, the new amount allotted to the contract.
24. Confidentiality of Material.
- a. All material given to or made available to the CONTRACTOR by virtue of this Contract, which is identified as proprietary or confidential information, will be safeguarded by the CONTRACTOR and shall not be disclosed to any individual or organization without the prior written approval of the STATE.
 - b. All information, data, or other material provided by the CONTRACTOR to the STATE shall be subject to the Uniform Information Practices Act, chapter 92F, HRS.
25. Publicity. The CONTRACTOR shall not refer to the STATE, or any office, agency, or officer thereof, or any state employee, including the HOPA, the CPO, the Agency procurement officer, or to the services or goods, or both, provided under this Contract, in any of the CONTRACTOR'S brochures, advertisements, or other publicity of the CONTRACTOR. All media contacts with the CONTRACTOR about the subject matter of this Contract shall be referred to the Agency procurement officer.
26. Ownership Rights and Copyright. The STATE shall have complete ownership of all material, both finished and unfinished, which is developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract, and all such material shall be considered "works made for hire." All such material shall be delivered to the STATE upon expiration or termination of this Contract. The STATE, in its sole discretion, shall have the exclusive right to copyright any product, concept, or material developed, prepared, assembled, or conceived by the CONTRACTOR pursuant to this Contract.
27. Liens and Warranties. Goods provided under this Contract shall be provided free of all liens and provided together with all applicable warranties, or with the warranties described in the Contract documents, whichever are greater.

28. Audit of Books and Records of the CONTRACTOR. The STATE may, at reasonable times and places, audit the books and records of the CONTRACTOR, prospective contractor, subcontractor, or prospective subcontractor which are related to:
- a. The cost or pricing data, and
 - b. A state contract, including subcontracts, other than a firm fixed-price contract.

29. Cost or Pricing Data. Cost or pricing data must be submitted to the Agency procurement officer and timely certified as accurate for contracts over \$100,000 unless the contract is for a multiple-term or as otherwise specified by the Agency procurement officer. Unless otherwise required by the Agency procurement officer, cost or pricing data submission is not required for contracts awarded pursuant to competitive sealed bid procedures.

If certified cost or pricing data are subsequently found to have been inaccurate, incomplete, or noncurrent as of the date stated in the certificate, the STATE is entitled to an adjustment of the contract price, including profit or fee, to exclude any significant sum by which the price, including profit or fee, was increased because of the defective data. It is presumed that overstated cost or pricing data increased the contract price in the amount of the defect plus related overhead and profit or fee. Therefore, unless there is a clear indication that the defective data was not used or relied upon, the price will be reduced in such amount.

30. Audit of Cost or Pricing Data. When cost or pricing principles are applicable, the STATE may require an audit of cost or pricing data.

31. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

32. Antitrust Claims. The STATE and the CONTRACTOR recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the purchaser. Therefore, the CONTRACTOR hereby assigns to STATE any and all claims for overcharges as to goods and materials purchased in connection with this Contract, except as to overcharges which result from violations commencing after the price is established under this Contract and which are not passed on to the STATE under an escalation clause.

33. Patented Articles. The CONTRACTOR shall defend, indemnify, and hold harmless the STATE, and its officers, employees, and agents from and against all liability, loss, damage, cost, and expense, including all attorneys fees, and all claims, suits, and demands arising out of or resulting from any claims, demands, or actions by the patent holder for infringement or other improper or unauthorized use of any patented article, patented process, or patented appliance in connection with this Contract. The CONTRACTOR shall be solely responsible for correcting or curing to the satisfaction of the STATE any such infringement or improper or unauthorized use, including, without limitation: (a) furnishing at no cost to the STATE a substitute article, process, or appliance acceptable to the STATE, (b) paying royalties or other required payments to the patent holder, (c) obtaining proper authorizations or releases from the patent holder, and (d) furnishing such security to or making such arrangements with the patent holder as may be necessary to correct or cure any such infringement or improper or unauthorized use.

34. Governing Law. The validity of this Contract and any of its terms or provisions, as well as the rights and duties of the parties to this Contract, shall be governed by the laws of the State of Hawaii. Any action at law or in equity to enforce or interpret the provisions of this Contract shall be brought in a state court of competent jurisdiction in Honolulu, Hawaii.
35. Compliance with Laws. The CONTRACTOR shall comply with all federal, state, and county laws, ordinances, codes, rules, and regulations, as the same may be amended from time to time, that in any way affect the CONTRACTOR'S performance of this Contract.
36. Conflict Between General Conditions and Procurement Rules. In the event of a conflict between the General Conditions and the procurement rules, the procurement rules in effect on the date this Contract became effective shall control and are hereby incorporated by reference.
37. Entire Contract. This Contract sets forth all of the agreements, conditions, understandings, promises, warranties, and representations between the STATE and the CONTRACTOR relative to this Contract. This Contract supersedes all prior agreements, conditions, understandings, promises, warranties, and representations, which shall have no further force or effect. There are no agreements, conditions, understandings, promises, warranties, or representations, oral or written, express or implied, between the STATE and the CONTRACTOR other than as set forth or as referred to herein.
38. Severability. In the event that any provision of this Contract is declared invalid or unenforceable by a court, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining terms of this Contract.
39. Waiver. The failure of the STATE to insist upon the strict compliance with any term, provision, or condition of this Contract shall not constitute or be deemed to constitute a waiver or relinquishment of the STATE'S right to enforce the same in accordance with this Contract. The fact that the STATE specifically refers to one provision of the procurement rules or one section of the Hawaii Revised Statutes, and does not include other provisions or statutory sections in this Contract shall not constitute a waiver or relinquishment of the STATE'S rights or the CONTRACTOR'S obligations under the procurement rules or statutes.
40. Pollution Control. If during the performance of this Contract, the CONTRACTOR encounters a "release" or a "threatened release" of a reportable quantity of a "hazardous substance," "pollutant," or "contaminant" as those terms are defined in section 128D-1, HRS, the CONTRACTOR shall immediately notify the STATE and all other appropriate state, county, or federal agencies as required by law. The Contractor shall take all necessary actions, including stopping work, to avoid causing, contributing to, or making worse a release of a hazardous substance, pollutant, or contaminant, and shall promptly obey any orders the Environmental Protection Agency or the state Department of Health issues in response to the release. In the event there is an ensuing cease-work period, and the STATE determines that this Contract requires an adjustment of the time for performance, the Contract shall be modified in writing accordingly.
41. Campaign Contributions. The CONTRACTOR is hereby notified of the applicability of 11-355, HRS, which states that campaign contributions are prohibited from specified state or county government contractors during the terms of their contracts if the contractors are paid with funds appropriated by a legislative body.
42. Confidentiality of Personal Information.
- a. Definitions.
- "Personal information" means an individual's first name or first initial and last name in combination with any one or more of the following data elements, when either name or data elements are not encrypted:
- (1) Social security number;
 - (2) Driver's license number or Hawaii identification card number; or

- (3) Account number, credit or debit card number, access code, or password that would permit access to an individual's financial information.

Personal information does not include publicly available information that is lawfully made available to the general public from federal, state, or local government records.

"Technological safeguards" means the technology and the policy and procedures for use of the technology to protect and control access to personal information.

b. Confidentiality of Material.

- (1) All material given to or made available to the CONTRACTOR by the STATE by virtue of this Contract which is identified as personal information, shall be safeguarded by the CONTRACTOR and shall not be disclosed without the prior written approval of the STATE.
- (2) CONTRACTOR agrees not to retain, use, or disclose personal information for any purpose other than as permitted or required by this Contract.
- (3) CONTRACTOR agrees to implement appropriate "technological safeguards" that are acceptable to the STATE to reduce the risk of unauthorized access to personal information.
- (4) CONTRACTOR shall report to the STATE in a prompt and complete manner any security breaches involving personal information.
- (5) CONTRACTOR agrees to mitigate, to the extent practicable, any harmful effect that is known to CONTRACTOR because of a use or disclosure of personal information by CONTRACTOR in violation of the requirements of this paragraph.
- (6) CONTRACTOR shall complete and retain a log of all disclosures made of personal information received from the STATE, or personal information created or received by CONTRACTOR on behalf of the STATE.

c. Security Awareness Training and Confidentiality Agreements.

- (1) CONTRACTOR certifies that all of its employees who will have access to the personal information have completed training on security awareness topics relating to protecting personal information.
- (2) CONTRACTOR certifies that confidentiality agreements have been signed by all of its employees who will have access to the personal information acknowledging that:
 - (A) The personal information collected, used, or maintained by the CONTRACTOR will be treated as confidential;
 - (B) Access to the personal information will be allowed only as necessary to perform the Contract; and
 - (C) Use of the personal information will be restricted to uses consistent with the services subject to this Contract.

d. Termination for Cause. In addition to any other remedies provided by this Contract, if the STATE learns of a material breach by CONTRACTOR of this paragraph by CONTRACTOR, the STATE may at its sole discretion:

- (1) Provide an opportunity for the CONTRACTOR to cure the breach or end the violation; or
- (2) Immediately terminate this Contract.

In either instance, the CONTRACTOR and the STATE shall follow chapter 487N, HRS, with respect to notification of a security breach of personal information.

e. Records Retention.

- (1) Upon any termination of this Contract or as otherwise required by applicable law, CONTRACTOR shall, pursuant to chapter 487R, HRS, destroy all copies (paper or electronic form) of personal information received from the STATE.
- (2) The CONTRACTOR and any subcontractors shall maintain the files, books, and records that relate to the Contract, including any personal information created or received by the CONTRACTOR on behalf of the STATE, and any cost or pricing data, for at least three (3) years after the date of final payment under the Contract. The personal information shall continue to be confidential and shall only be disclosed as permitted or required by law. After the three (3) year, or longer retention period as required by law has ended, the files, books, and records that contain personal information shall be destroyed pursuant to chapter 487R, HRS or returned to the STATE at the request of the STATE.

BUSINESS ASSOCIATE AGREEMENT

This Agreement is effective as of _____, between the Hawaii Employer-Union Health Benefits Trust Fund, State of Hawai'i (hereinafter the "STATE"), by its Administrator, whose address is 201 Merchant Street, Suite 1700, Honolulu, Hawaii 96813, and _____ (hereinafter "BUSINESS ASSOCIATE"), a _____, whose business address is as follows: _____.

RECITALS

A. The STATE has entered into a contract with BUSINESS ASSOCIATE and/or procured the following goods and services from BUSINESS ASSOCIATE: _____.

B. BUSINESS ASSOCIATE's contract and/or provision of goods and performance of services may require that: (1) Protected Health Information (defined below) or Electronic Protected Health Information (defined below) be disclosed to or used by BUSINESS ASSOCIATE; (2) BUSINESS ASSOCIATE create, receive, maintain or transmit Protected Health Information or Electronic Protected Health Information on behalf of the STATE; and/or (3) BUSINESS ASSOCIATE be provided or have access to Personal Information (defined below).

C. Both parties are committed to complying with the Privacy and Security Laws (defined below) with respect to Protected Health Information, Electronic Protected Health Information, and Personal Information.

D. This Agreement sets forth the terms and conditions pursuant to which the following will be handled: (1) Protected Health Information and Electronic Protected Health Information that is disclosed to or used by BUSINESS ASSOCIATE by virtue of its contract with the STATE and/or its provision of goods and services to or for the STATE; (2) Protected Health Information and Electronic Protected Health Information that is created, received, maintained or transmitted by BUSINESS ASSOCIATE on behalf of the STATE; and (3) Personal Information provided to BUSINESS ASSOCIATE or to which BUSINESS ASSOCIATE will have access by virtue of a contract with the STATE.

TERMS AND CONDITIONS

1. Introduction: The STATE, as defined in this Agreement, has determined that it is a Covered Entity or a Health Care Component of a Covered Entity under HIPAA (defined below) and the Privacy and Security Rules (defined below). In addition, the STATE is subject to use and disclosure restrictions regarding Personal Information under Act 10 (defined below) and Chapters 487N and 487R, Hawaii Revised Statutes.

The parties acknowledge that entry into this Agreement is necessary and desirable in order to: (a) protect the privacy and security of Protected Health Information and Electronic Protected Health Information in accordance with the Privacy and Security Laws and because BUSINESS ASSOCIATE is a “business associate” of the STATE as that term is used in 45 Code of Federal Regulations (“C.F.R.”) § 160.103; and (b) protect against the unauthorized use and disclosure of Personal Information that BUSINESS ASSOCIATE has been provided or to which BUSINESS ASSOCIATE has access by virtue of a contract with the STATE.

2. Definitions:

- a. Except as otherwise defined herein, any and all capitalized terms in this Agreement shall have the definitions set forth in the Privacy and Security Laws.
- b. Act 10. “Act 10” shall mean Act 10, 2008 Session Laws of Hawaii, Special Session.
- c. Agreement. “Agreement” shall mean this agreement between STATE and BUSINESS ASSOCIATE and any and all attachments, exhibits and special conditions attached hereto.
- d. ARRA. “ARRA” shall mean the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, and the rules and regulations promulgated under the ARRA.
- e. Breach. “Breach” shall have the meaning set forth in the ARRA.
- f. De-identified Information. “De-identified Information” shall have the meaning set forth in 45 C.F.R. §§ 164.514(a)-(b).
- g. Electronic Protected Health Information. “Electronic Protected Health Information” shall have the meaning set forth in 45 C.F.R. § 160.103. For purposes of this Agreement, “Electronic Protected Health Information” is limited to Electronic Protected Health Information that is: (i) disclosed to or used by BUSINESS ASSOCIATE by virtue of its contract with the STATE and/or its provision of goods and services to or for the STATE; and/or (ii) created, received, maintained, or transmitted by BUSINESS ASSOCIATE on behalf of the STATE.
- h. Electronic Transactions Rule. “Electronic Transactions Rule” shall mean the final rule set forth in 45 C.F.R. §§ 160 and 162.
- i. HIPAA. “HIPAA” shall mean the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
- j. Individual. “Individual” means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative under 45 C.F.R. § 164.502(g).
- k. Individually Identifiable Health Information. “Individually Identifiable Health Information” shall have the meaning set forth in 45 C.F.R. § 160.103.
- l. Personal Information. “Personal Information” shall have the meaning set forth in Section 487N-1, Hawaii Revised Statutes. For purposes of this Agreement,

“Personal Information” is limited to Personal Information provided to BUSINESS ASSOCIATE or to which BUSINESS ASSOCIATE has access by virtue of a contract with the STATE.

- m. Privacy Rule. “Privacy Rule” shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E, as the same may be amended from time to time.
 - n. Privacy and Security Laws. “Privacy and Security Laws” shall include: (1) the provisions of HIPAA that relate to the privacy and security of Protected Health Information and Electronic Protected Health Information; (2) the Privacy and Security Rules; (3) the provisions of ARRA, including the rules and regulations promulgated under the ARRA, that relate to the privacy and security of Protected Health Information and Electronic Protected Health Information; (4) Act 10 and, to the extent applicable, Chapters 487N and 487R, Hawai‘i Revised Statutes; and (5) other Federal and State privacy or security statutes and regulations that apply to Protected Health Information, Electronic Protected Health Information, or Personal Information.
 - o. Protected Health Information. “Protected Health Information” shall have the meaning set forth in 45 C.F.R. § 160.103. For purposes of this Agreement, “Protected Health Information” is limited to Protected Health Information that is:
 - (i) disclosed to or used by BUSINESS ASSOCIATE by virtue of its contract with the STATE and/or its provision of goods and services to or for the STATE; and/or
 - (ii) created, received, maintained, or transmitted by BUSINESS ASSOCIATE on behalf of the STATE.
 - p. Secretary. “Secretary” shall mean the Secretary of the U.S. Department of Health and Human Services or designee.
 - q. Security Rule. “Security Rule” shall mean the Health Insurance Reform: Security Standards at 45 C.F.R. Part 160, Part 162, and Part 164, Subparts A and C, as the same may be amended from time to time.
 - r. Unsecured Protected Health Information. “Unsecured Protected Health Information” shall have the meaning set forth in the ARRA.
3. Obligations and Activities of BUSINESS ASSOCIATE
- a. BUSINESS ASSOCIATE agrees to not use or disclose Protected Health Information, Electronic Protected Health Information, and Personal Information other than as permitted or required by this Agreement or as required by law.
 - b. BUSINESS ASSOCIATE agrees to use appropriate safeguards to prevent use or disclosure of Protected Health Information, Electronic Protected Health Information, and Personal Information other than as provided for by this Agreement.
 - c. BUSINESS ASSOCIATE agrees to implement administrative, physical, and technical safeguards (as those terms are defined in the Security Rule) that reasonably and appropriately protect the confidentiality, integrity and availability

of Electronic Protected Health Information that it creates, receives, maintains or transmits on behalf of the STATE. Without limiting the foregoing, BUSINESS ASSOCIATE agrees to implement administrative, physical, and technical safeguards to comply with 45 C.F.R. §§ 164.308, 164.310, and 164.312, as and to the extent that such is required of business associates under the Privacy and Security Laws (as amended by the ARRA).

- (i) Required Safeguards. BUSINESS ASSOCIATE shall use all appropriate safeguards to prevent use or disclosure of Protected Health Information received from, or created or received on behalf of, STATE, other than as provided for in this Agreement or as required by law. These safeguards will include, but are not limited to:
 - (I) Training. Providing annual training to relevant employees, contractors, and subcontractors on how to prevent the improper use or disclosure of Protected Health Information; and updating and repeating training on a regular basis;
 - (II) Administrative Safeguards. Adopting policies and procedures regarding the safeguarding of Protected Health Information; and enforcing those policies and procedures, including sanctions for anyone not found in compliance;
 - (III) Technical and Physical Safeguards. Implementing appropriate technical safeguards to protect Protected Health Information, including access controls, authentication, and transmission security; and implementing appropriate physical safeguards to protect Protected Health Information, including workstation security and device and media controls.
- d. In accordance with Part V of Act 10, BUSINESS ASSOCIATE agrees to implement: (i) technological safeguards to reduce exposure to unauthorized access to Personal Information, (ii) mandatory training on security awareness topics relating to Personal Information protection for BUSINESS ASSOCIATE's employees, and (iii) confidentiality agreements to be signed by BUSINESS ASSOCIATE's employees. BUSINESS ASSOCIATE further agrees to safeguard Protected Health Information, Electronic Protected Health Information, and Personal Information in accordance with any rules, policies, procedures and directions adopted or implemented by STATE to the extent that such are communicated to BUSINESS ASSOCIATE.
- e. BUSINESS ASSOCIATE agrees to ensure that any agent (including a contractor or subcontractor) to whom it provides Protected Health Information, Electronic Protected Health Information, or Personal Information agrees to the same restrictions and conditions that apply to BUSINESS ASSOCIATE with respect to such information under this Agreement and the Privacy and Security Laws. BUSINESS ASSOCIATE further agrees to ensure that any such agent shall safeguard such Protected Health Information, Electronic Protected Health Information, and Personal Information in accordance with any rules, policies,

procedures and directions adopted or implemented by STATE to the extent that such are communicated to BUSINESS ASSOCIATE. BUSINESS ASSOCIATE agrees to ensure that any such agent shall implement reasonable and appropriate safeguards to protect Protected Health Information.

- f. BUSINESS ASSOCIATE agrees to implement reasonable policies and procedures to comply with 45 C.F.R. § 164.316, as and to the extent that such is required of business associates under the Privacy and Security Laws (as amended by the ARRA).
- g. BUSINESS ASSOCIATE agrees to provide access to Protected Health Information in the Designated Record Set to STATE or, as directed by STATE, to an Individual to the extent and in the manner required by 45 C.F.R. § 164.524.
- h. BUSINESS ASSOCIATE agrees to make Protected Health Information available for amendment and to incorporate any amendments to Protected Health Information that the STATE directs or agrees to in accordance with the requirements of 45 C.F.R. § 164.526.
- i. BUSINESS ASSOCIATE agrees to document disclosures of Protected Health Information, disclosures of Electronic Protected Health Information and information related to such disclosures as would be required for STATE to respond to a request by an Individual for an accounting of disclosures of: (1) Protected Health Information in accordance with 45 C.F.R. § 164.528; and (2) Electronic Protected Health Information in accordance Section 13405(c) of the ARRA. BUSINESS ASSOCIATE further agrees to collect and provide to STATE, any and all information that is reasonably necessary for STATE to timely respond to such requests by an Individual for an accounting of disclosures.
- j. BUSINESS ASSOCIATE agrees to keep a log of Breaches of Unsecured Protected Health Information in such form and with such information as to enable the STATE to comply with Section 13402(e)(3) of the ARRA and the rules and regulations promulgated under ARRA.
- k. BUSINESS ASSOCIATE agrees to keep a complete log of disclosures made of Personal Information in accordance with Section 8(b)(6) of Act 10.
- l. BUSINESS ASSOCIATE agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Protected Health Information and Electronic Protected Health Information available to STATE and/or to the Secretary, at reasonable times and places or as designated by the STATE and/or the Secretary, for purposes of determining compliance with the Privacy and Security Laws. BUSINESS ASSOCIATE further agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Personal Information available to STATE, at reasonable times and places or as designated by the STATE, for purposes of determining compliance with this Agreement, Act 10, and other Federal and State laws regarding the use and disclosure of Personal Information.

- m. BUSINESS ASSOCIATE agrees to report to STATE any disclosure or use of Protected Health Information not provided for by this Agreement, of which BUSINESS ASSOCIATE becomes aware, but in no event later than five (5) business days of first learning of any such use or disclosure. BUSINESS ASSOCIATE further agrees to report to STATE any security incidents that are required to be reported by or to the STATE under 45 C.F.R. Part 164, particularly 45 C.F.R. § 164.314. BUSINESS ASSOCIATE agrees that if any of its employees, agents, subcontractors, and/or representatives use and/or disclose Protected Health Information received from, or created or received on behalf of, STATE, or any derivative De-identified Information in a manner not provided for in this Agreement, BUSINESS ASSOCIATE shall ensure that such employees, agents, subcontractors, and/or representatives shall receive training on BUSINESS ASSOCIATE's procedures for compliance with the Privacy Rule, or shall be sanctioned or prevented from accessing any Protected Health Information BUSINESS ASSOCIATE receives from, or creates or receives on behalf of, STATE. Continued use of Protected Health Information in a manner contrary to the terms of this Agreement shall constitute a material breach of this Agreement.
- n. If there is a Breach of Unsecured Protected Health Information, BUSINESS ASSOCIATE shall: (i) notify the STATE in writing of the Breach no later than twenty (20) calendar days after BUSINESS ASSOCIATE's discovery of the Breach; (ii) investigate and report to STATE on the causes of the Breach including, without limitation, any steps that BUSINESS ASSOCIATE will take to mitigate the Breach and prevent the occurrence of future similar Breaches; (iii) in consultation with STATE, provide all notifications regarding the Breach that STATE and/or BUSINESS ASSOCIATE are required to make under ARRA including, without limitation, written notices to individuals, notices to the media, and notices to the Secretary or any other governmental entity, all such notices to be made in accordance with all ARRA requirements; (iv) unless the Breach is primarily caused by the negligence or other fault of the STATE, indemnify and hold STATE harmless from all claims, lawsuits, administrative proceedings, judgments, damages, liabilities, penalties, and costs arising from the Breach, including all costs of investigating the Breach, providing all required notices, and otherwise complying with all ARRA requirements; and (v) provide a log of all Breaches of Unsecured Protected Health Information to the STATE no later than twenty (20) calendar days after the end of each calendar year, which log shall include all information that STATE needs in order to comply with Section 13402(e)(3) of the ARRA.
- o. If there is a "security breach" regarding Personal Information as that term is defined in Section 487N-1, Hawai'i Revised Statutes, BUSINESS ASSOCIATE shall: (i) notify the STATE in writing of the security breach no later than twenty (20) calendar days after BUSINESS ASSOCIATE's discovery of the security breach; (ii) investigate and report to STATE on the causes of the security breach including, without limitation, any steps that BUSINESS ASSOCIATE will take to mitigate the Breach and prevent the occurrence of future similar Breaches; (iii) in consultation with STATE, provide all notifications regarding the security breach that STATE and/or BUSINESS ASSOCIATE are required to make under Chapter 487N and other applicable Hawai'i Revised Statutes; (iv) unless the security

breach is primarily caused by the negligence or other fault of the STATE, indemnify and hold STATE harmless from all claims, lawsuits, administrative proceedings, judgments, damages, liabilities, penalties, and costs arising from the security breach, including all costs of investigating the security breach, providing all required notices, and otherwise complying with Chapter 487N and other applicable Hawai'i Revised Statutes; and (v) assist the State in providing any written report to the legislature or other government entities that is required by Chapter 478N and other applicable Hawai'i Revised Statutes.

- p. BUSINESS ASSOCIATE agrees to mitigate, to the extent practicable, any harmful effect that is known to BUSINESS ASSOCIATE of: (1) a security breach or disclosure or use of Protected Health Information, Electronic Protected Health Information, or Personal Information by BUSINESS ASSOCIATE in violation of the requirements of this Agreement; and/or (2) a Breach of Unsecured Protected Health Information by BUSINESS ASSOCIATE or any of its officers, employees, or agents (including contractors and subcontractors).
 - q. BUSINESS ASSOCIATE shall, upon notice from STATE, accommodate any restriction to the use or disclosure of Protected Health Information and any request for confidential communications to which STATE has agreed in accordance with the Privacy Rule.
 - r. BUSINESS ASSOCIATE shall comply with any other requirements of the Privacy Law, the Privacy Rule, the Security Law, and the Security Rule not expressly specified in this Agreement, as and to the extent that such requirements apply to business associates under the Privacy Law, the Privacy Rule, the Security Law, and the Security Rule, as they may be amended from time to time.
4. Permitted Uses and Disclosures by BUSINESS ASSOCIATE
- a. General Use and Disclosure Provisions. Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may disclose or use Protected Health Information, Electronic Protected Health Information, and Personal Information to perform functions, activities, or services for, or on behalf of, STATE as specified in this Agreement, provided that such disclosure or use would not violate any Privacy and Security Laws if done by STATE.
 - b. Specific Use and Disclosure Provisions
 - (i) Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may use Protected Health Information and Personal Information for the proper management and administration of the BUSINESS ASSOCIATE or to carry out the legal responsibilities of the BUSINESS ASSOCIATE.
 - (ii) Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may disclose Protected Health Information for the proper management and administration of the BUSINESS ASSOCIATE, for disclosures that are Required By Law, or where BUSINESS ASSOCIATE obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and be used or further disclosed only as required

by law or for the purpose for which it was disclosed to the person and the person agrees to notify BUSINESS ASSOCIATE of any instances where the confidentiality of the information has been breached. Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may disclose Personal Information where such disclosure is permitted by applicable Federal or State laws.

- (iii) Except as otherwise limited in this Agreement, BUSINESS ASSOCIATE may use Protected Health Information to provide Data Aggregation services to STATE as permitted by 45 C.F.R. § 164.504(e)(2)(i)(B).
 - (iv) BUSINESS ASSOCIATE may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. § 164.502(j)(1).
- c. Further Uses Prohibited. Except as provided in sections 4.a and 4.b, above, BUSINESS ASSOCIATE is prohibited from further using or disclosing any information received from STATE, or from any other Business Associate of STATE, for any commercial purposes of BUSINESS ASSOCIATE including, for example, “data mining.”
5. Minimum Necessary. BUSINESS ASSOCIATE shall only request, use, and disclose the minimum amount of Protected Health Information necessary to accomplish the purpose of the request, use, or disclosure.
 6. Prohibited, Unlawful, or Unauthorized Use and Disclosure of Protected Health Information. BUSINESS ASSOCIATE shall not use or further disclose any Protected Health Information received from, or created or received on behalf of, STATE, in a manner that would violate the requirements of the Privacy Rule, if done by STATE.
 7. Indemnity by BUSINESS ASSOCIATE. BUSINESS ASSOCIATE shall defend, indemnify and hold harmless STATE and STATE’s officers, employees, and agents (including contractors and subcontractors) from and against any and all claims, demands, lawsuits, administrative or other proceedings, judgments, liabilities, damages, losses, fines, penalties, and costs, including reasonable attorneys’ fees, that are caused by or arise out of a breach or failure to comply with any provision of this Agreement and/or by a violation of any provision of the Privacy and Security Laws, including the ARRA, by BUSINESS ASSOCIATE or any of BUSINESS ASSOCIATE’s officers, employees, or agents (including contractors and subcontractors).
 8. Permissible Requests by STATE. STATE shall not request BUSINESS ASSOCIATE to disclose or use Protected Health Information, Electronic Protected Health Information, or Personal Information in any manner that would not be permissible under the Privacy and Security Laws if done by STATE.
 9. Standard Electronic Transactions. STATE and BUSINESS ASSOCIATE agree that BUSINESS ASSOCIATE shall, on behalf of STATE, transmit data for transactions that are required to be conducted in standardized format under the Electronic Transactions Rule. BUSINESS ASSOCIATE shall comply with the Electronic

Transactions Rule for all transactions conducted on behalf of STATE that are required to be in standardized format. BUSINESS ASSOCIATE shall ensure that any of its subcontractors to whom it delegates any of its duties under its contract with STATE, agrees to conduct and agrees to require its agents or subcontractors to comply with the Electronic Transactions Rule for all transactions conducted on behalf of STATE that are required to be in standardized format.

10. Termination for Cause. In addition to any other remedies provided for by this Agreement, upon STATE's knowledge of a material breach or violation by BUSINESS ASSOCIATE of the terms of this Agreement, STATE may either:
- a. Provide an opportunity for BUSINESS ASSOCIATE to cure the breach or end the violation, and terminate this Agreement if BUSINESS ASSOCIATE does not cure the breach or end the violation within the time specified by the STATE; or
 - b. Immediately terminate this Agreement if BUSINESS ASSOCIATE has breached or violated a material term of this Agreement and cure is not possible; and
 - c. If neither termination nor cure is feasible, STATE shall report any violation of the federal Privacy and Security Rules to the Secretary.

11. Effect of Termination.

- a. Upon any termination of this Agreement, until notified otherwise by STATE, BUSINESS ASSOCIATE shall extend all protections, limitations, requirements, and other provisions of this Agreement to: (i) all Protected Health Information received from or on behalf of STATE or created or received by BUSINESS ASSOCIATE on behalf of STATE; (ii) all Electronic Protected Health Information created, received, maintained or transmitted by BUSINESS ASSOCIATE on behalf of STATE; and (iii) all Personal Information.
- b. Upon any termination of this Agreement, STATE shall determine whether it is feasible for BUSINESS ASSOCIATE to return to STATE or destroy all or any part of: (i) all Protected Health Information received from or on behalf of STATE or created or received by BUSINESS ASSOCIATE on behalf of STATE that BUSINESS ASSOCIATE maintains in any form and shall retain no copies of such information; (ii) all Electronic Protected Health Information created, received, maintained or transmitted by BUSINESS ASSOCIATE on behalf of STATE; and (iii) all Personal Information. In connection with the foregoing, upon any termination of the Agreement, BUSINESS ASSOCIATE shall notify the STATE in writing of any and all conditions that make return or destruction of such information not feasible and shall provide STATE with any requested information related to the STATE's determination as to whether the return or destruction of such information is feasible.
- c. If STATE determines that return or destruction of all or any part of the Protected Health Information, Electronic Protected Health Information, and Personal Information is feasible, at STATE's option, BUSINESS ASSOCIATE shall return or destroy such information. If STATE directs that BUSINESS ASSOCIATE return or destroy all or any part of the Protected Health Information, Electronic

Protected Health Information, and Personal Information, it is understood and agreed that BUSINESS ASSOCIATE shall retain no copies of such information. Destruction of Personal Information shall be performed in accordance with Chapter 487R, Hawaii Revised Statutes. Notwithstanding the foregoing, BUSINESS ASSOCIATE shall not destroy any Protected Health Information in less than six (6) years from the date that it is received by BUSINESS ASSOCIATE.

- d. If STATE determines that return or destruction of all or any part of the Protected Health Information, Electronic Protected Health Information, and Personal Information is not feasible or opts not to require the return or destruction of such information, BUSINESS ASSOCIATE shall extend the protections, limitations, requirements, and other provisions of this Agreement to such information for so long as BUSINESS ASSOCIATE maintains such information. STATE understands that BUSINESS ASSOCIATE's need to maintain portions of the Protected Health Information in records of actuarial determinations and for other archival purposes related to memorializing advice provided, can render return or destruction infeasible.
- e. The provisions of this Section 11 shall apply with respect to all terminations of this Agreement, for any reason whatsoever, and to any and all Protected Health Information, Electronic Protected Health Information, and Personal Information in the possession or control of any and all agents and subcontractors of BUSINESS ASSOCIATE.

12. Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the Privacy and Security Laws means the section in effect or as amended.
- b. Amendment. BUSINESS ASSOCIATE and STATE agree to take all actions necessary to amend this Agreement in order for STATE to comply with the requirements of the Privacy Rule, Security Rule, HIPAA, ARRA, and/or any other Federal or State law that is determined to apply to the Protected Health Information, Electronic Protected Health Information, or Personal Information covered by this Agreement. All amendments shall be in writing and executed by both parties.
- c. Survival. The respective rights and obligations of STATE and BUSINESS ASSOCIATE under Sections 3, 6, 7, and 8 above, shall survive the termination of this Agreement.
- d. Interpretation. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of the Privacy and Security Laws, as amended, the Privacy and Security Laws shall control. Where provisions of this Agreement are different than those mandated in the Privacy or Security Laws, but are nonetheless permitted by the Privacy or Security Laws, the provisions of this Agreement shall control. Any ambiguity in this Agreement shall be resolved to permit STATE to comply with the Privacy and Security Laws.

- e. Third Parties. This Agreement is solely between BUSINESS ASSOCIATE and the STATE and may be enforced only by BUSINESS ASSOCIATE or the STATE. This Agreement shall not be deemed to create any rights in any third parties or to create any obligations or liabilities of BUSINESS ASSOCIATE or the STATE to any third party.

HAWAII EMPLOYER-UNION HEALTH BENEFITS
TRUST FUND (“STATE”)

By _____
Its Administrator

Date: _____, 201____

[*name of business associate*]
 (“BUSINESS ASSOCIATE”)

By _____
Its _____

Date: _____, 201____

APPROVED AS TO FORM:

Deputy Attorney General

Table of Contents

1.0	<i>Executive Summary</i>	1
2.0	<i>Introduction</i>	3
2.1	Purpose of the Health Benefits Administration System Feasibility Study	3
2.2	Feasibility Study Methodology and Approach	3
3.0	<i>Baseline Analysis</i>	6
3.1	Current Business Environment	6
3.2	Current Business Processes	7
3.3	Technical Environment	8
3.4	Current Cost	10
4.0	<i>Business Case</i>	11
4.1	Business Problems & Objectives	11
4.2	Benefits	14
4.2.1	Tangible Benefits	14
4.2.2	Intangible Benefits.....	15
4.3	High-Level Requirements	15
5.0	<i>Alternatives Analysis</i>	17
5.1	Methodology	17
5.2	Description of Alternatives	19
5.2.1	Alternative 1 – Upgrade the EUTF’s Current Solution	19
5.2.2	Alternative 2 – Install a New Solution	20
5.2.3	Alternative 3 – Leverage the State’s HCM/HR Solution.....	21
6.0	<i>Proposed Solution</i>	23
6.1	Solution Description	23
6.1.1	Hardware	23
6.1.2	Software	23
6.1.3	Project Approach	23
6.1.4	Technical Interfaces.....	25
6.1.5	Test Plan	27
6.1.6	Resource Requirements	28
6.1.7	Accessibility	28
6.1.8	Training Plan	28
6.1.9	Ongoing Maintenance	29
6.1.10	Information Security.....	29
6.1.11	Confidentiality	30
6.1.12	Impact on End Users.....	30
6.1.13	Impact on Existing System	30
6.1.14	Impact on Current Infrastructure	31

6.1.15	Impact on Data Center(s).....	31
6.1.16	Backup and Operational Recovery	31
6.1.17	Public Access.....	31
6.1.18	Procurement Approach	31
6.2	Project Management Approach	33
6.2.1	Project Organization	33
6.2.2	Project Management Plan (PMP)	37
6.2.3	Project Monitoring	37
6.2.4	Project Quality	38
6.2.5	Change Management / Change Control	38
7.0	Risk Management Plan.....	40
7.1	Risk Management Approach	40
7.1.1	Risk Management Worksheet	40
8.0	Project Costs	48
8.1	Estimated One-Time Solution Cost	48
8.1.1	State Personnel.....	48
8.1.2	Hardware	48
8.1.3	Software and System Integration Services	48
8.1.4	Other Contract Services.....	49
8.2	Ongoing Project Cost.....	49
Appendix A: Business and Technical Requirements.....		51
Appendix B: Market Survey.....		58

Table of Tables

Table 1: EUTF Program Statistics	8
Table 2: Current Maintenance Cost of the BAS	10
Table 3: Business Problems & Objectives	11
Table 4: EUTF Requirement Categories	16
Table 5: Alternative 1 Pros and Cons	19
Table 6: Alternative 2 Pros and Cons	20
Table 7: Alternative 3 Pros and Cons	21
Table 8: Current System Interfaces.....	26
Table 9: Listing of Solicitations and Assignment of Procurement Responsibilities	31
Table 10: Key Milestone Dates	32
Table 11: Risk Event Probability and Impact Descriptions.....	41
Table 12: Benefits Administration Solution Project Risk Matrix	42

Table 13: Summary of One-Time Project State Personnel Cost 48

Table 14: Estimated One-Time Hardware Cost..... 48

Table 15: Estimated One-Time Software and System Integration Costs..... 49

Table 16: Estimated One-Time Contract Services Costs 49

Table 17: Estimated Annual Maintenance and Operations Cost..... 49

Table 18: Total Estimated Five-Year Project Cost 50

Table of Figures

Figure 1: Feasibility Study Approach..... 4

Figure 2: Organization Chart..... 6

Figure 3: New Hire/Life Event Process Flow 7

Figure 4: Azure V3 Environment Logical Network 9

Figure 5: Kofax Scanning/Fax Logical Diagram 10

Figure 6: Benefits Administration Solution 5-Year Project Approach 24

Figure 7: Benefits Administration Solution Project Organization Chart..... 34

APPROVAL SIGNATURES	
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Date Signed	
Printed name:	Derek Mizuno
<i>EUTF Assistant Administrator</i>	
Date Signed	
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<i>EUTF Information Systems Chief</i>	
Date Signed	
Printed name:	Raymond Kan

1.0 Executive Summary

From July – September 2018, Public Consulting Group, Inc. (PCG) conducted a feasibility study for the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). The purpose of the feasibility study was to determine the best approach to enhancing the EUTF's automated system capabilities and thus, the performance of its mission-critical benefits administration functions by either upgrading its existing benefits administration system that was implemented in 2009, acquiring a new solution in the marketplace, or leveraging the State's implementation of PeopleSoft Human Capital Management/Human Resources (HCM/HR) solution. This report presents the results of the feasibility study, which included the following activities:

- Building a business case for seeking a new and/or better solution
- Scanning the marketplace to identify viable products and vendors offering benefit administration solutions
- Identifying alternative solutions and recommending the “best-fit” solution to address the needs of EUTF and its members, employers, and carriers
- Documenting the costs, benefits, implementation plan, and risks associated with the preferred alternative in this Feasibility Study Report

Through our review of existing documentation and meetings with the EUTF project team, PCG developed and refined a set of business problems that the new solution must solve. Focusing on areas such as the lack of self-service capabilities and accounting functionality, and the need for processing improvements that include transmitting data electronically and generating management reports, the project was positioned to develop a set of requirements that were eventually included in a survey sent to vendors offering benefits administration solutions in the marketplace.

Based upon an analysis of the survey results, PCG identified that the market does indeed offer solutions – including Commercial Off the Shelf (COTS) and Software as a Service (SaaS) solutions – that could meet over 90% of the EUTF's business and technical needs. PCG also determined that updating the EUTF's existing system is not viable since version upgrades have not been performed to avoid the loss of customized features that have been installed over the last several years. In this scenario, upgrading the system would amount to replacing it.

PCG's recommendation is to implement a new solution at EUTF. Through the competitive procurement process the EUTF can consider both options of selecting a stand-alone benefits administration solution or leveraging the State's implementation of PeopleSoft HCM/HR to replace the EUTF's existing system, which would entail:

- Acquiring a vendor to write the solution/system integrator solicitation document and assist in the vendor selection process
- Acquiring the services of a systems integrator to implement the solution and provide ongoing support
- Dedicating EUTF staff and engaging with the State's Office of Enterprise Technology Services (ETS) or a third party to support the project
- Acquiring Independent Verification & Validation (IV&V) services to support the project
- Configuring and implementing the solution over an estimated period of 18 months

The estimated one-time cost of implementing the benefits administration solution is \$10,354,000. The annual maintenance and operations cost is estimated to be \$1,550,000. Beginning with the procurement activities in November 2018, it is estimated that the solution will be implemented in August 2021. In addition to including the results of the feasibility study, this report describes the proposed solution, discusses the approach to managing the project, and speaks to the issue of identifying and mitigating potential risks in order to support project success.

2.0 Introduction

The EUTF is administratively attached to the State of Hawaii's Department of Budget and Finance and is governed by a 10-member Board of Trustees. It is the EUTF's mission to care for the health and well-being of its beneficiaries by striving to provide quality benefit plans that are affordable, reliable, and meet the changing needs of all eligible State of Hawaii and City and County of Honolulu, County of Maui, County of Kauai, and County of Hawaii employees, retirees, and their dependents. The EUTF covers approximately 67,000 active employees plus 54,000 of their dependents, and 47,000 retirees plus 21,000 of their dependents.

2.1 Purpose of the Health Benefits Administration System Feasibility Study

The EUTF Board of Trustees selected PCG to conduct a feasibility study to recommend upgrading or replacing its existing Benefits Administration System (BAS), which supports the EUTF's mission-critical functions. In 2017, the State selected PeopleSoft to replace its payroll system for state employees. The EUTF's new solution must share data with the new payroll system and meet its business and technical requirements in a cost-effective manner. The alternatives to be considered in the feasibility study include:

- Upgrade EUTF's current BAS that was originally installed in 2009 and is currently running on outdated versions of the application software
- Acquire a benefits administration solution in the marketplace to replace EUTF's BAS
- Leverage the enterprise license and existing infrastructure of the state's implementation of PeopleSoft's HCM/HR solution to host EUTF's benefits administration functionality

The purpose of this feasibility study is to help the EUTF make an informed decision on how best to replace its current system in order to accomplish its organizational mission and goals. The scope of the feasibility study included:

- Provide a market scan for viable vendors in the Benefits Administration market
- Develop a business case that illustrates risk mitigation, cost avoidance, and process improvements to be gained from the new system
- Identify alternative solutions and recommend the most cost-beneficial solution to address system needs
- Document the costs, benefits, implementation plan, and risks associated with the preferred alternative in a Feasibility Study Report (FSR)

2.2 Feasibility Study Methodology and Approach

PCG's approach to conducting this feasibility study was based upon our well-tested approach that was refined to meet the EUTF's specific needs. Conducted over a period of 4 months, our methodology is represented in the figure below and briefly described on the following pages.

FSR Methodology Diagram



Figure 1: Feasibility Study Approach

Project Initiation

During the project initiation phase, PCG conducted a pre-planning meeting with the EUTF Project Team to confirm the project scope and objectives. This meeting addressed various planning considerations, project roles and responsibilities, scheduling conflicts and potential project risks for the development of early mitigation strategies and the finalization of the baseline project schedule. The project formally kicked-off on July 2, 2018.

Business Case Development

The goal of this phase was to understand the current business and technical environment within which the solution must operate. Steps were also taken to identify the current maintenance cost of the BAS. PCG met with the EUTF Project Team to document the current business and technical environments, and understand the challenges and opportunities that were to be addressed in the project. This phase culminated in a clear definition of the business problem(s), confirmation of the scope for the desired solution, and included a Business Case Workshop to assess and validate the future needs and objectives of the desired solution.

Requirements Development

The purpose of this phase was to document the high-level requirements that must be met by the new solution. To complete this task, PCG conducted requirements workshops based upon a pre-existing set of requirements. Once finalized, these requirements were used in the analysis of alternative solutions in the marketplace and incorporated into the FSR.

Alternatives Analysis

During this phase, the PCG Project Team scanned the marketplace to identify the solutions that could support the EUTF's business and technical needs. The goal of this task was to identify viable alternatives based on an agreed-upon set of criteria. Once the market research results were compiled, PCG conducted an Alternatives Analysis Workshop with EUTF staff to discuss the results and move towards selecting the preferred solution.

Proposed Solution Analysis

PCG analyzed the viable solutions to recommend a preferred approach that was discussed in the Alternatives Analysis Workshop. Additional research was conducted as needed. Further analysis and discussion occurred following the sessions in order to finalize the approach and refine the high-level cost of pursuing the project.

Completion of FSR

This phase of the project focused on documenting the results of the feasibility study, which are presented on the following pages of this report. It also included presentations to the EUTF Administrative Committee and Board of Trustees to obtain budget approval.

3.0 Baseline Analysis

This section describes the current ('as-is') environment to provide context for replacing or upgrading the EUTF's existing system. It describes the business environment and provides the technical architecture information and diagrams – laying the groundwork for the alternatives analysis and consideration of the proposed solution. This information was gathered through a review of existing business, systems and architectural information, and from information gathered from Subject Matter Experts (SMEs) during business case and requirements sessions.

3.1 Current Business Environment

The EUTF is administratively attached to the State of Hawaii Department of Budget and Finance and is administered by a board of trustees consisting of 10 trustees, 5 representing the public employers and 5 representing employee-beneficiaries that include a retiree representative. The EUTF Board is responsible for determining the benefit plans offered, negotiating and entering into contracts with insurance carriers and plan administrators, establishing eligibility criteria and management policies. The EUTF provides medical, chiropractic, prescription drug, dental, vision, and life insurance benefits to all eligible State of Hawaii, City and County of Honolulu, County of Maui, County of Kauai, and County of Hawaii employees, retirees, and their dependents. The EUTF covers approximately 67,000 active employees plus 54,000 of their dependents, and 47,000 retirees plus 21,000 of their dependents. Employer contributions for active employee insurance programs are based on applicable public sector collective bargaining agreements or by executive order. Employer contributions for retiree insurance premiums are based on Chapter 87A, Hawaii Revised Statutes. Any remaining premium balance is paid by employees through payroll deduction or premium conversion plan reduction and paid by retirees directly, if applicable.

The EUTF is comprised of 59 full time employees and is managed by the Administrator who is directed by and reports to the Board. The EUTF is primarily organized into three branches: 1) Financial Services Branch; 2) Information Systems Branch; 3) Member Services Branch (see Figure 2).

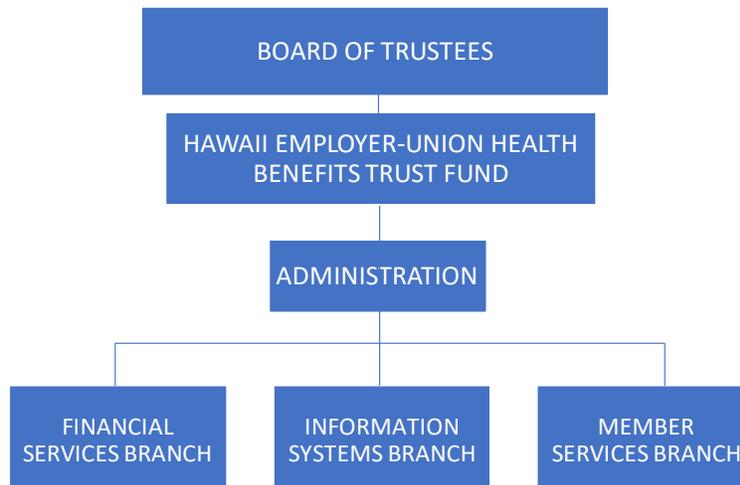


Figure 2: Organization Chart

The EUTF's BAS serves as the backbone of its daily operations in enrolling and terminating members in the EUTF health plans; transmitting information to insurance carriers, billing and

collecting premiums from employers, employees and retirees; and remitting payments to vendors. The BAS supports the following EUTF functions:

- Enrollment
- Eligibility
- Terminations
- Electronic transmissions
- Notices and reports generation
- Mid-year qualifying life events
- Processing of financial transactions
- Document scanning, storage and retrieval

3.2 Current Business Processes

To process benefits for new hires, the EUTF receives forms via mail, fax, electronic file, or delivery from the Human Resources Officers (HRO) via pouch. The forms are opened, sorted and scanned into EUTF's imaging solution (i.e., Kofax). Those images are released into the BAS and indexed and released into a workflow. Once documents are released, workflow automation is initiated via round-robin to enrollment technicians. Enrollment technicians process/enroll members; weekly 834 Electronic Data Interchange (EDI) files are sent to the carriers. If supporting documents are not received, the workflow is left open and pended with a later due date. Once all the documents are received, the member's request is processed by creating the life event and the confirmation notice and sending changes to the carrier. Payroll files are sent to employers semi-monthly, and the payroll deduction from employees' paycheck occurs semi-monthly, as shown in the figure below.

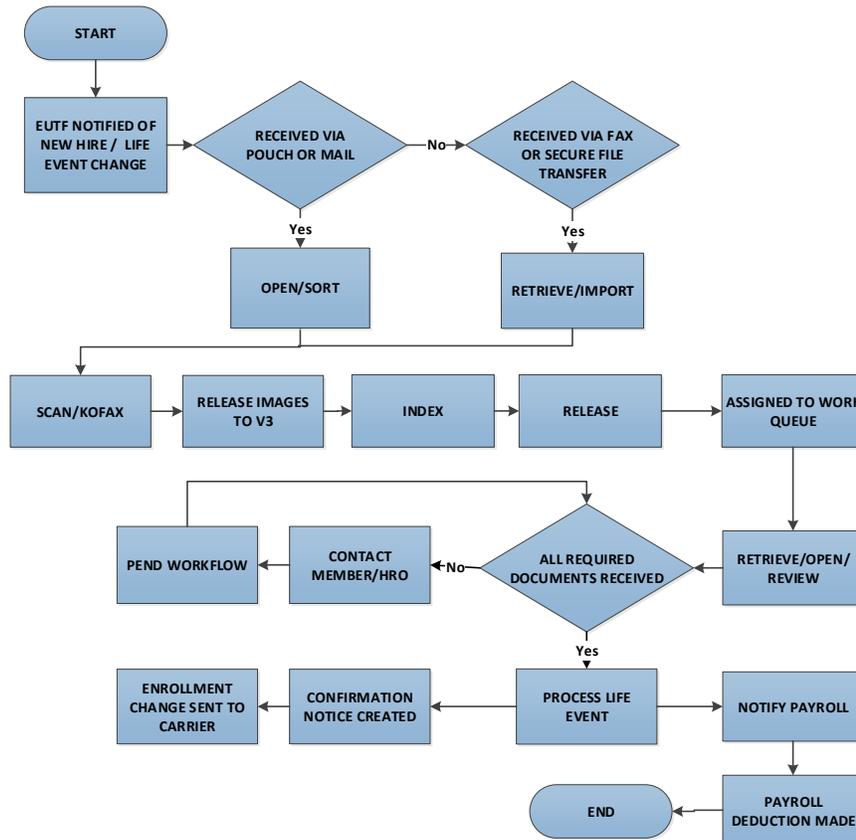


Figure 3: New Hire/Life Event Process Flow

The EUTF’s program statistics that relate to its current processing environment are provided in the table below.

Table 1: EUTF Program Statistics

Program Statistics	Volumes
Number of external users (employers) inputting data, all requiring ID management	552
Internal EUTF users	57 concurrent users
Casual (Public) Data Users	~ 116,000 subscribers
System Administrator Users	21
Number of tables in database	3,375
Number of screens in current system	308
Frequency of process	Daily
Number of reports	41 reports, 19 exports
Number of ad hoc reports	75
Number of interfaces to operational database	60
Current volume of data stored	1.2TB

3.3 Technical Environment

The EUTF exchanges a large amount of data with various public and private external entities including insurance carriers and State and County employers. Due to the EUTF’s status as a Health Insurance Portability and Accountability Act (HIPAA) covered entity, it is required by the Department of Health and Human Services (HHS) Office of Civil Rights (OCR) to adhere to the information privacy and security rules pursuant to the HIPAA Act of 1996.

The current system that EUTF has been using since 2009 is Vitech’s V3 Benefits Administration System, version 8.02. At the time of this report, the system has not been upgraded to the most current Vitech version 10. In March of 2018, the EUTF client moved away from the on-premises support model and into Microsoft Azure’s Cloud. Figure 4 below represents the Azure current V3 logical network.

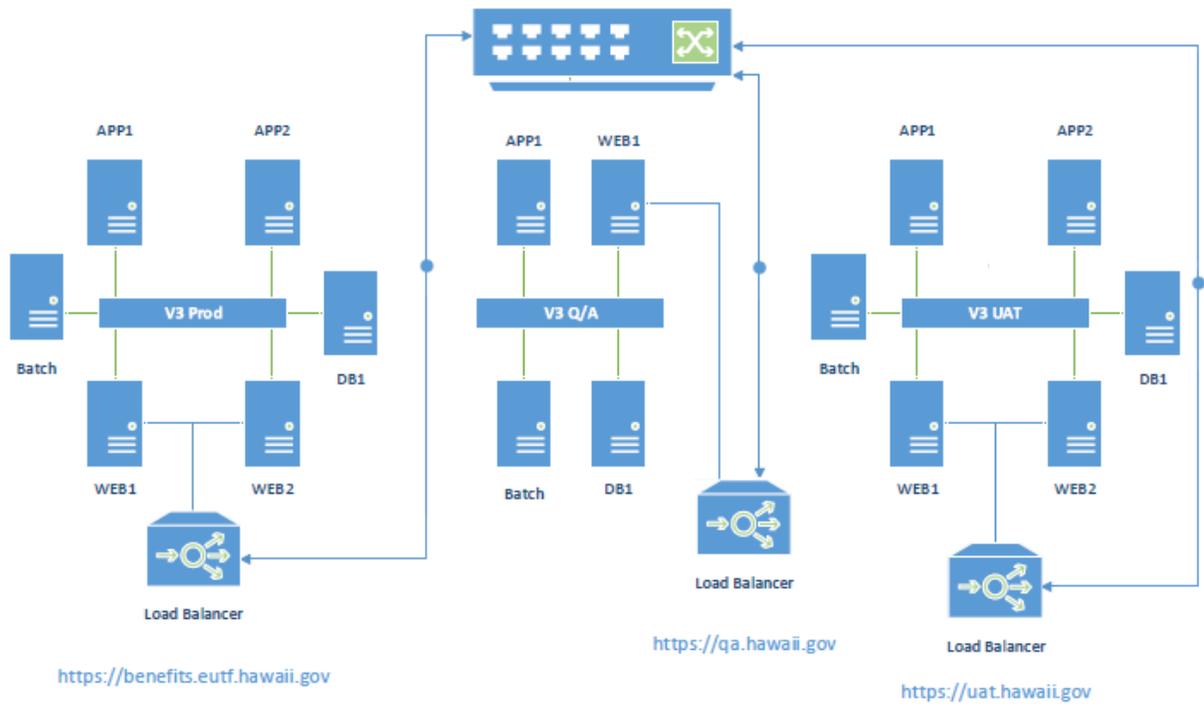


Figure 4: Azure V3 Environment Logical Network

The BAS technical environment is comprised of the following:

- Vitech's V3 Benefits Administration System, version 8.02
- Windows 2008 server – 2 web servers, 1 database servers, 2 application servers, 1 Load balancer and Gateways
- One Batch processing server
- Database Oracle 11g
- Applications Server Oracle OC4J
- Applications Server Environments Production, Test, Development
- One Imaging Kofax Server
- MS Azure cloud provides Backup and Recovery
- MS Azure provides Disaster Recovery environment
- Production/QA/UAT (3) environments
- Multiple interfaces are utilized for data exchanges

The EUTF's Kofax scanning/fax logical diagram is provided in Figure 5 below.

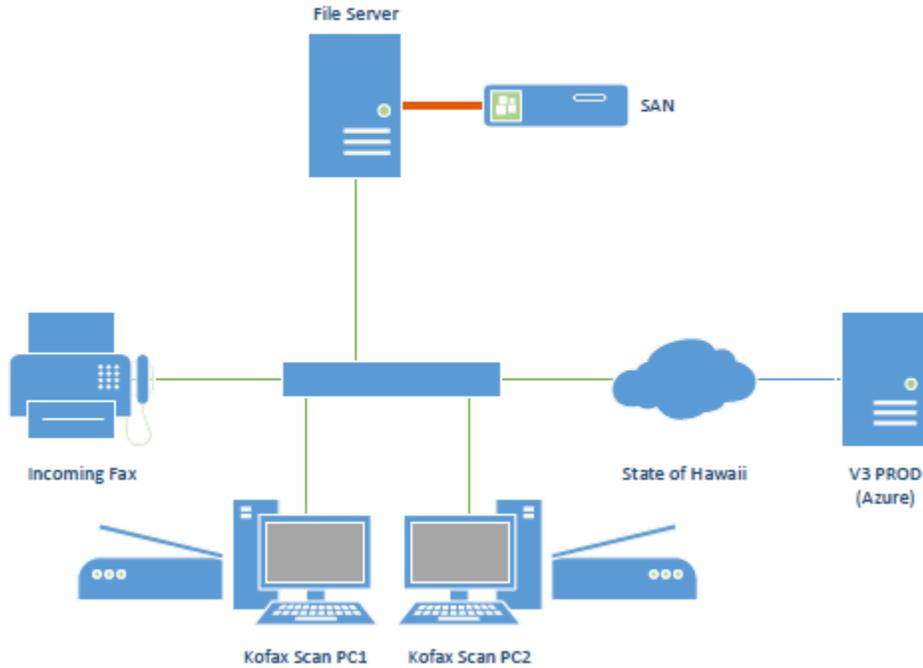


Figure 5: Kofax Scanning/Fax Logical Diagram

3.4 Current Cost

The cost of maintaining and operating the BAS is comprised of state personnel costs and vendor costs. The total current cost is \$1,586,596, as itemized in the table below.

Table 2: Current Maintenance Cost of the BAS

Maintenance & Operations	Annual Cost
State personnel	\$584,156
License fees	\$379,260
Imaging support	\$8,000
Ongoing maintenance	\$615,180
Total	\$1,586,596

4.0 Business Case

This section presents the business case for replacing the EUTF's current system. The EUTF is seeking a solution that offers:

- Paper and electronic (i.e. pdf, tiff, etc.) document scanning directly into BAS, and the ability to store/retrieve member enrollment and proof document images
- Processing of member enrollment and termination into and from medical, prescription drug, dental, vision, chiropractic, and life insurance plans in addition to a mid-year qualifying life event and/or open enrollment
- Generation of enrollment/premium changes and COBRA notices to be sent to members
- Generation and transmission of electronic enrollment files to insurance carriers
- Processing of payments, reimbursements, and deductions to and from members, employers, and carriers
- Generation and transmission of automatic electronic payment and deduction files to and from employers, carriers, and members' bank accounts
- Creation of custom queries and reports
- Ability to exchange data through multiple interfaces with external systems
- Generation of document templates, letters, forms, notices and invoices
- Availability of member and employer portal(s)

4.1 Business Problems & Objectives

Business problems provide the statement of a problem in business terms; objectives are success factors that the EUTF will quantify and use in order to measure the success of the proposed solution. The table below presents the business problems that the new solution must solve. It also includes objectives that the EUTF will strive to meet with the implementation of a new/upgraded solution.

Table 3: Business Problems & Objectives

Business Problem	Objectives
<p>1. Employees and retirees are unable to self-enroll in benefit programs and/or submit changes via a web portal.</p>	<p>A. The new solution will offer a front-end web portal and reduce manual enrollment processing performed by EUTF staff.</p> <p>B. The new solution will offer a front-end web portal for employee and retiree members and improve customer satisfaction.</p> <p>C. The new solution will offer a web portal that will provide immediate enrollment status and premiums to members.</p> <p>D. The new solution will offer a web portal that will provide members their account balances.</p>

Hawaii Employer-Union Health Benefits Trust Fund
Health Benefits Administration System Feasibility Study Report

Business Problem	Objectives
	<ul style="list-style-type: none"> E. The new solution will offer a web portal that will minimize administrative work on the member's employer. F. The new solution will offer a web portal that will reduce manual data entry and profile creation errors due to illegible hand-written forms. G. The new solution will offer a web portal that will reduce administrative appeals by having the administrative rules and policies coded within the system. H. The new solution will offer a web portal that will eliminate the delay between the receipt and distribution of forms to the EUTF's enrollment technicians. I. The new solution will offer a web portal that will reduce the number of member queries performed by EUTF staff.
<p>2. System response time to process enrollment activities and run queries is slow and requires EUTF staff to work outside the system to provide excellent customer service.</p>	<ul style="list-style-type: none"> A. The new solution will provide quick response to member walk-ins/calls in order to immediately process the request. B. The new solution will provide an image capture that scans directly into the BAS and reduce request processing times from 15 minutes to 2 minutes. C. The new solution will provide an end-user dashboard to support the EUTF administrative staffs' ability to provide improved customer service. D. The new solution will provide online real-time transaction processing to process rush enrollments immediately and increase customer satisfaction.
<p>3. EUTF staff are not able to perform data entry when the batch processing cycles occur during business hours.</p>	<ul style="list-style-type: none"> A. The new solution will provide real time online transaction processing and/or the ability to successfully complete batch processing within a 10-hour window. B. The new solution will increase productivity when the system is no longer down during business hours.
<p>4. The current BAS has limited accounting functionality, which requires manual adjustments and the use of offline</p>	<ul style="list-style-type: none"> A. The new solution will integrate with an Accounting/Financial management tool to provide automation and reduce rework for the EUTF staff.

Hawaii Employer-Union Health Benefits Trust Fund
Health Benefits Administration System Feasibility Study Report

Business Problem	Objectives
<p>spreadsheets (via Excel and Quickbooks) to reconcile accounts.</p>	<p>B. The new solution will integrate with an Accounting/Financial management tool to reduce the number of overrides, refunds, and overpayments.</p> <p>C. The new solution will integrate with an Accounting/Financial management tool to reduce the number of unidentified, aged, large balanced forfeitures.</p> <p>D. The new solution will allow EUTF to meet external deadlines (e.g., DAGS, Bank of Hawaii).</p>
<p>5. The EUTF is unable to process certain enrollment changes for members without manual intervention and time-consuming work arounds to perform the following actions:</p> <ul style="list-style-type: none"> • Initiate survivor enrollment, • Change a current domestic partner into a spouse or civil union partner, • Waive coverage and reinstate plans for leaves of absence including Family Medical Leave Act (FMLA) and Uniform Services Employment and Reemployment Rights Act (USERRA), • Process a change in public employer (i.e., state to county, county to state, county to county) allowing an employee to enroll in new plans and tiers, • Undo a termination of employment, • Process feedback reports from carriers related to Medicare Part D • Coordinate Medicare Part B reimbursement and disbursement functionalities in BAS 	<p>A. The new solution will eliminate manual work arounds for processing events.</p> <p>B. The new solution will reduce enrollment processing from 10 – 15 minutes to an average of 2 minutes, which will approximately double daily production.</p> <p>C. The new solution will reduce manual work arounds which cause errors and re-work, increasing Member Services' productivity by 40%.</p> <p>D. The new system will reduce accounting re-bill issues associated with multiple life events.</p>
<p>6. The EUTF is unable to electronically transfer employee demographic data to or from the State's payroll system.</p>	<p>A. The new solution will reduce manual processing and data entry activities.</p> <p>B. The new solution will transfer data on a real-time basis.</p> <p>C. The new solution will interface with the HawaiiPay solution; employee data will exist in the system.</p>

Business Problem	Objectives
<p>7. The EUTF is unable to efficiently electronically transfer employee data to carriers and employers without significant manual intervention</p>	<p>A. The new solution will support the use of file formats based upon industry standards and best practices</p> <p>B. The new solution will transmit files via EDI and reduce the manual effort to transmit files.</p>
<p>8. The current BAS has limited reporting abilities, which requires the IT staff to process roughly 200 custom queries/year and 75 ad hoc reports on an ongoing basis.</p>	<p>A. The new solution will integrate with a Business Intelligence tool to enable staff to retrieve data on a more timely basis.</p> <p>B. The new solution will integrate with a reporting tool to allow staff to apply their expertise on other projects.</p> <p>C. The new solution will integrate with a reporting tool to assist staff in decision making.</p> <p>D. The new solution will integrate with a reporting tool to assist staff with the ability to create and produce specific reports/analysis.</p> <p>E. The new solution will integrate with a reporting tool to give staff the access they need to retrieve a report without asking the IT staff.</p> <p>F. The new solution will integrate with a reporting tool to decrease the number of custom queries and ad hoc reports the IT staff receive to process.</p>

4.2 Benefits

The EUTF needs a new benefits administration solution to support its mission-critical functions. It has elected to replace its current system as a cost of doing business. The EUTF also expects to realize significant benefits by implementing a new solution. The tangible and intangible benefits are presented below.

4.2.1 Tangible Benefits

- Efficiencies generated:
 - Reduction of manual enrollment processing performed by EUTF staff as a result of self-service portals for members and employers
 - Reduction of data entry errors by reducing the steps needed to process changes/life events
 - Reduction of documentation to be incorporated into the BAS
 - Reduction of data entry into the BAS

- Reduction of enrollment processing time from 10 – 15 minutes to an average of 2 minutes
- Reduction in accounting rework/manual adjustments related to overpayments, rebills, refunds, etc.
- Costs avoided:
 - Reduction in administrative appeals
 - Reduction of unidentified, aged, large balanced forfeitures
 - Reduction of postage costs
 - Reduction of printing costs
 - Reallocation of resources to support new/other projects
 - Reduction in system/production downtime (loss in productivity)

4.2.2 Intangible Benefits

- Increased capacity building for benefits administration that enables expansion of system functionality to members, employers, carriers and EUTF employees
- Improved member services and service outcomes through improved information feedback for decision making
- Enhanced member experience and satisfaction, through self-service functionality to manage account information
- Increased collaboration with employers and carriers, leading to improved member services, from secure information sharing and data governance
- Enhanced financial management and compliance, enabled via consolidated financial transactions and management information reporting
- Reduced information security and privacy compliance risks through compliance with federal and best-practices security standards
- Minimized risk of system failures and inability to serve members due to outdated software and equipment
- Increased customer satisfaction through availability of self-service functionality and increased access to information
- Increased employer and carrier satisfaction
- Improved data quality and data analytics capabilities

4.3 High-Level Requirements

High-level business and technical requirements were developed for the EUTF Project. These requirements helped to identify the EUTF's current and future needs and were sent to vendors in the marketplace to support the alternatives analysis (see Section 5. Alternatives Analysis).

These requirements must be further elaborated to support future procurement and design activities of the EUTF Project. The business functional and technical requirements for the

proposed EUTF solution are organized in the categories shown in Table 4 below. The full set of requirements are presented in Appendix A.

Table 4: EUTF Requirement Categories

Business Requirements	Technical Requirements
<ul style="list-style-type: none">• Employee Self-service• Workflow Management• Business Process Management• Calculations and Invoicing• State and Federal Laws/Requirements• Correspondence• Document Imaging and Storage• Document Retrieval• General Application Functionality• Historical Data	<ul style="list-style-type: none">• User Management• Audit• Security• Performance• Availability• User Interface• Help Functionality• Usability• Database Management• Network and Operating Systems• Application Architecture• Interfaces• Maintainability• Batch Printing

5.0 Alternatives Analysis

5.1 Methodology

During this phase, PCG scanned the marketplace to identify alternatives and support the eventual identification of a recommended approach. Through market research, the alternatives analysis provided the basis for:

- Collecting relevant data to identify product availability, competitive market forces, and viable options
- Estimating scope, schedule and budget
- Recommending solution and/or solution components
- Providing information on specific risks or pitfalls specific to the project
- Identifying unanticipated work, services or products to be included
- Identifying procurement considerations

To initiate the market scan we performed online research and met with EUTF management to identify vendors in the marketplace. We then worked with EUTF to build the survey tool (see Appendix B) that included questions that were grouped into the following areas:

- Business and Technical Requirements
- Technology Solution and Support Services
- Cost and License Fees

In total, the survey included over 25 questions along with approximately 125 requirements. PCG sent the surveys to the following 11 vendors:

- ADP
- BenefitExpress
- Benefitfocus
- BenTek
- CGI
- Microsoft 365 Dynamics
- Morneau Shepell
- Oracle PeopleSoft
- Ultimate Software
- Workday
- Vitech

Five vendors responded to the survey over a 5-week period. The responses are summarized below:

Business and Technical Requirements

In order to identify the degree to which solutions in the marketplace are capable of meeting EUTF's requirements, vendors were asked whether their solution met each requirement:

- Out of the box, and could be configured without requiring custom code
- Using a 3rd-party tool or add-on application, such as a report writer or document imaging solution
- Through custom development

Based on the survey results, benefit administration solutions in the marketplace can meet over 90 percent of the EUTF's requirements out-of-the-box. This includes Software as a Service (SaaS) and Commercial Off the Shelf (COTS) solutions, which could be installed on the EUTF's premises, at the vendor's data center, or exist in the cloud, depending on the specific type of solution and client preferences. Here, it should be noted that the State of Hawaii ETS has directed state agencies to select SaaS or COTS when implementing new IT solutions, and custom development is discouraged.

The remaining requirements, such as those that address Uniformed Services Employment and Reemployment Rights Act (USERRA) requirements, or Medicaid Part B overpayments, or document scanning/imaging may require custom development and/or an add-on tool.

Technology Solution and Services

Technology solution and support services questions asked vendors to describe their current benefit administration services solutions and ongoing support offerings. Hardware, software, and network infrastructure questions were asked. Vendors experience with configuring and implementing solutions comparable in scope to the one needed by EUTF was also queried. Responses in this area are summarized below:

- Both SaaS and COTS solutions exist in the marketplace that could meet the EUTF's needs
- Solutions may be installed on premise or in the cloud and can be sized and scaled appropriately
- All viable solutions are web-based, accessed via a browser and provide a user portal that provides functionality and workflows for members, employers, and/or staff
- All viable vendors have provided solutions to other clients/states that are comparable in scope and size to EUTF and support:
 - Generally accepted technical platforms;
 - Back-end batch processing and offer a variety of configurable functionality and data fields;
 - Industry standard security protocols (i.e., HIPAA, Service Organization Control [SOC] 1 Type II and SOC 2 Type II compliant)
 - Business Intelligence (BI) and most are configurable and support: reports, forms, letters, dashboards, invoices, and workflow
 - Maintenance and Operations (M&O), Help Desk, and ticket management systems.
- All viable vendors offer regularly scheduled software upgrades/new releases
- All viable vendors provide training and supporting documentation
- All viable vendors offer a solution that transmits data to/from other applications/systems
- Some viable vendor solutions offer built in imaging systems while others may require a third-party solution

Cost and License Fees

Cost questions sought to obtain pricing estimates for one-time and ongoing costs based upon information included in the survey. Questions about software licensing, and the types of licensing (e.g., enterprise) were also asked. Cost tables were included in the survey in an

attempt to obtain cost information in a standardized fashion in order to compare pricing information across the alternatives. Responses in this area are summarized below:

- Implementation timeframes, which is often considered to be a driver of one-time costs, ranged from 12 – 24 months
- The cost for implementing a new solution on premises represented the highest one-time cost across the different alternatives
- While the one-time cost for acquiring a new solution, or leveraging the HawaiiPay solution was relatively the same, the ongoing cost for leveraging the HawaiiPay solution was considerably less than the ongoing cost for a free-standing COTS or SaaS
- Licensing options vary across the vendors and include:
 - Per EUTF employee base
 - Enterprise licenses
 - Per member subscription
- Based on the information gathered from the surveys, the one-time solution/system implementation cost was estimated at \$8,750,000, excluding state personnel positions and other needs.

5.2 Description of Alternatives

This section provides a description of each alternative and discusses the critical characteristics of pursuing each approach.

5.2.1 Alternative 1 – Upgrade the EUTF’s Current Solution

The EUTF’s current solution consists of the hardware and software necessary to run the BAS that was implemented by Vitech, Inc. in 2009. Although the EUTF moved away from an on-premises support model to Microsoft Azure’s Cloud in March of 2018, its solution is not certified for Oracle’s cloud in accordance with ETS’ preference. The EUTF currently contracts with Vitech for maintenance and operations support of the BAS through September 2020.

The EUTF is currently running on Vitech’s (version 8.02) benefits administration solution, known as V3. The BAS has been significantly customized to meet the EUTF’s specific needs over the last several years and version upgrades have not been performed because of the risk to EUTF’s business. Vitech’s current offering in the marketplace is an on-premise solution V3, version 10 and a cloud solution known as V3locity.

The most distinguishing pros and cons of this alternative are presented below.

Table 5: Alternative 1 Pros and Cons

Pros	Cons
<ul style="list-style-type: none"> • Product familiarity 	<ul style="list-style-type: none"> • The BAS (V3, version 8.02) is several versions behind the current offering (V3, version 10) • Upgrading the current BAS would essentially amount to replacing it

Pros	Cons
	<ul style="list-style-type: none"> • Solution is not certified for Oracle’s cloud

PCG determined this alternative to be non-viable given that ‘upgrading’ the BAS would equate to replacing it with the most current version of the software that is offered in the marketplace. Migrating to the most recent version would neither be practical nor feasible. Should the EUTF wish to consider the V3locity solution in the future, this would occur through the competitive procurement process.

5.2.2 Alternative 2 – Install a New Solution

As shown in the market scan, SaaS and COTS solutions exist in the marketplace that would meet the EUTF’s business and technical needs. These benefits administration solutions have been installed in other states and/or environments comparable in scope and size to EUTF. Because an on-premises installation is neither desirable, nor cost-effective for the EUTF, the solution would be hosted by the vendor at its data center or in the cloud in accordance with ETS requirements.

To pursue this alternative, the EUTF would conduct a competitive procurement for a COTS or a SaaS – one solicitation would be released to acquire the solution as well as the systems integrator (SI) to implement the solution. In addition to configuring, testing, installing and maintaining the solution, the SI would be required to provide business process re-engineering services and organizational change management support during the project.

The most distinguishing pros and cons of this alternative are presented below.

Table 6: Alternative 2 Pros and Cons

Pros	Cons
<ul style="list-style-type: none"> • The competitive procurement process will allow the EUTF to evaluate and compare COTS and SaaS solutions to select a new solution that will meet their needs at a competitive price. 	<ul style="list-style-type: none"> • Potential disruption to operations
<ul style="list-style-type: none"> • Solutions have been implemented in other states and in similar environments, representing an acceptable level of risk to the EUTF 	<ul style="list-style-type: none"> • Increased need for training
<ul style="list-style-type: none"> • The competitive procurement process will support the EUTF’s ability to meet ETS directives and statewide initiatives 	<ul style="list-style-type: none"> • Annual maintenance and operations cost is higher than the leveraged solution (Alternative 3)
<ul style="list-style-type: none"> • Since solutions in the marketplace are targeted to benefits administration, risks 	

Pros	Cons
associated with the need for customization are reduced.	

5.2.3 Alternative 3 – Leverage the State’s HCM/HR Solution

The State selected PeopleSoft’s core application (i.e., HCM/HR) to replace its payroll system for state employees in 2017. Once fully implemented, the EUTF’s solution would interface with the new payroll system (known as HawaiiPay).

In addition to offering payroll functionality, PeopleSoft’s solution includes a benefits administration module. In this alternative, the EUTF would acquire PeopleSoft’s benefits administration module and a SI to install and configure the module that would interface with HawaiiPay. While the EUTF’s members (e.g., retirees at the State and County levels and their dependents) would surpass what currently exists in HawaiiPay, State employee data would be transferred via an interface. This approach would involve creating a separate stack of their own environment with their own database, to give EUTF the utmost control over their environment and data, while taking advantage of the opportunity to leverage a shared infrastructure and realize price reductions on license fees.

The most distinguishing pros and cons of this alternative are presented below.

Table 7: Alternative 3 Pros and Cons

Pros	Cons
<ul style="list-style-type: none"> Aligns with ETS IT initiatives and leverages the State’s familiarity with, and investments in PeopleSoft products 	<ul style="list-style-type: none"> Potential disruption to operations
<ul style="list-style-type: none"> The leveraged solution has been implemented in similar environments and the recommended infrastructure/base solution (HCM/HR) is in place in Hawaii reducing risk to EUTF 	<ul style="list-style-type: none"> Increased need for training
<ul style="list-style-type: none"> Cost savings can be realized due to price reductions on license fees and maintenance and operation costs 	<ul style="list-style-type: none"> Unknown charge-back fees may be instituted that could potentially increase annual maintenance costs
<ul style="list-style-type: none"> Partnering with DAGS to leverage PeopleSoft’s HCM/HR core solution may represent economies of scale and/or efficiencies that may benefit the EUTF 	<ul style="list-style-type: none"> Leveraging PeopleSoft’s HCM/HR core solution may present interdependencies that would be impactful to the implementation of EUTF’s solution
<ul style="list-style-type: none"> Since solutions in the marketplace are targeted to benefits administration, risks 	

Pros	Cons
associated with the need for customization are reduced.	

6.0 Proposed Solution

Through this analysis, PCG concluded the best alternative is to replace the BAS with an application that is available via a COTS or a SaaS model that includes the possibility to leverage the state's PeopleSoft HCM/HR solution. The following sections describe the EUTF's approach to acquiring and implementing the proposed solution.

6.1 Solution Description

In the Benefits Administration solution project, the EUTF will seek a system that will support:

- Self-Service Functionality
- Workflow Management
- Business Process Management
- Calculations and Invoicing
- Payments and Reimbursements
- State and Federal Laws/Requirements
- Correspondence
- Document Imaging and Storage
- Document Retrieval
- General Application Functionality
- Historical Data
- Reporting

The solution will require less than 20% customization to meet the EUTF's business needs.

6.1.1 Hardware

The selected vendor will be responsible for providing the development, testing, training, and production environments. The selected vendor will host the Benefits Administration solution and provide on-going maintenance and support.

6.1.2 Software

The selected vendor will be responsible for providing the software necessary to meet the EUTF's business needs.

6.1.3 Project Approach

This section describes the approach that the EUTF will take to proceed with this project. The key phases and major milestones are shown in the figure below with descriptions that follow.

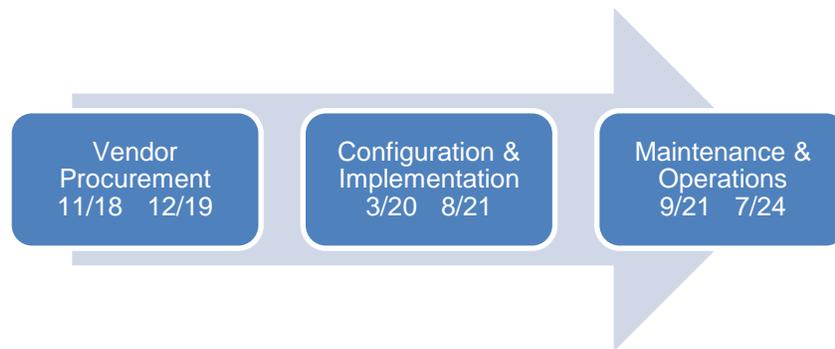


Figure 6: Benefits Administration Solution 5-Year Project Approach

Vendor Procurement

The EUTF will acquire a vendor through the competitive procurement process to provide the necessary software, configuration, testing, and training to successfully implement the solution in order to meet the EUTF's business and technical needs.

In addition to acquiring the Benefits Administration solution and systems integrator, the EUTF will procure other contract services to support project success. With support from ETS and the State Procurement Office (SPO), EUTF will:

- Develop and issue a Request for Proposal (RFP) to acquire a consultant to write the Benefits Administration solution Request for Proposals (RFP) and support vendor evaluation and selection
- Develop and issue a RFP to obtain Independent Verification & Validation (IV&V) services to assess the project against industry standards and project requirements to provide an unbiased view to stakeholders

Allowing for contract execution, the procurement phase is scheduled to begin in November 2018 and end in December 2019. Additional information on the EUTF's procurement activities is provided in Section 6.1.18.

Configuration and Implementation

The Benefits Administration solution vendor will be responsible for providing the software and all of the services to configure, implement, maintain and operate a Benefits Administration solution. During this phase, the vendor will be responsible for the following deliverables and activities:

- **Project Management:** The selected vendor will develop the project plans and associated schedules, and perform all project management responsibilities on behalf of its activities to successfully implement the solution.
- **Requirements Management:** The selected vendor will conduct sessions with the EUTF to finalize the functional requirements for the Benefits Administration solution. The finalized requirements will be base-lined in a Requirements Traceability Matrix (RTM). Modifications to the requirements must be approved by the EUTF Change Control Board and documented in the RTM.
- **Business Process Re-engineering (BPR):** The selected vendor will perform a detailed Fit-Gap analysis to determine where application configuration is required and where

process and procedural changes are needed. BPR support will be provided to ensure that the Benefits Administration solution will support the EUTF's ability to perform its core functions as efficiently and effectively as possible.

- Design and Configuration: The selected vendor will be responsible for configuring the Benefits Administration solution to include the initial set-up activities that will allow the EUTF to use the application.

The EUTF shall carefully consider the degree of configuration and amount of customization required. In this project, the Benefits Administration solution will require less than 20% customization to meet the EUTF's business needs. This will include activities such as:

- Defining the functional and technical requirements
 - Building the database / creating the correct data fields in the database
 - Setting up system access / user authentication / system security
 - Setting up the workflow management business rules
 - Developing the forms and reports
 - Setting up the field validation and calculation rules
- Organizational Change Management (OCM): The selected vendor will assist the EUTF and its business partners to prepare for, manage, ensure knowledge transfer occurs continuously through all the implementation phases, and support successful system implementation.
 - Testing: The selected vendor will build test cases/scenarios and perform application testing. The vendor will work with EUTF to define the user acceptance criteria and testing process and assist the EUTF in User Acceptance Testing (UAT). Solution documentation should be provided and continuously updated throughout testing.
 - Implementation and Deployment: The selected vendor will work with the EUTF to develop an implementation strategy to ensure the solution is deployed effectively.
 - Training: The selected vendor will develop all of the training modules and associated materials necessary to successfully deploy the solution to internal and external users.

The development and implementation phase of the project is planned to begin in March 2020 and end in August 2021.

Maintenance and Operations

The selected vendor will host the application at their vendor site (or cloud) and provide ongoing M&O support, which is scheduled to begin in September 2021. The selected vendor will maintain four environments: development, quality assurance, user acceptance testing and production. The selected vendor will also conduct system testing, release management, change management, and provide technical support.

6.1.4 Technical Interfaces

The Benefits Administration solution will interface with multiple systems in order to share data to and from the State and County employers, benefit carriers, and other entities (existing interfaces are listed in Table 8).

Table 8: Current System Interfaces

Interface	Purpose	Import/Export Process
Employees Retirement System (ERS)	Pension deduction amounts for retirees	Directly to/from V3
State Payroll System	Premium deduction amounts, refunds for employees, imputed income for domestic partners and civil unions, payroll warrant register.	Directly to/from V3
State and County Employers	Enrollment and employee/employer premium amounts for active employees	Directly to/from V3
Benefit Carriers	Enrollment related transactions, eligibility, plan choice, dependents notification	Directly to/from V3
Bank of Hawaii	ACH premium deduction amounts, ACH deposit for Medicare Part B reimbursement and Out of State premium reimbursement	Directly to/from V3
Hawaii Information Consortium	Credit card premium deduction amounts for retirees and active employees	Directly to/from V3
Department of Health	Death and surviving spouse verification	Manual
Judiciary	Divorce verification	Manual
IRS	1099 imputed income reporting	Manual
Accurant	Death verification for outside Hawaii	Manual
Prescription Drug Carrier	Medicare Part D enrollment and verification	Manual
State and County Payroll	Tax deductions for wellness prize giveaways, pre-tax refunds	Manual
Department of Human Services (DHS)	Medicare Reimbursement verification	Manual
State and County Employers	Electronic enrollment forms and eligibility related transactions.	Manual
The Federal Reserve	Regular updates of bank institution and routing numbers	Manual
IntelligentSearch.com	Address verification service	Directly to/from V3

6.1.5 Test Plan

The testing approach will be configured to assure that:

- The Benefits Administration solution works according to specifications
- The Benefits Administration solution is robust enough to meet user needs, as defined by the requirements in the Benefits Administration System RFP
- Internal and external users are able to use the Benefits Administration solution in an effective and productive manner.

To achieve these objectives the Benefits Administration solution will be tested, verified, and approved through a series of test activities.

The selected vendor shall use a defined testing methodology. The EUTF project team and the IV&V vendor will review the vendor's deliverables and acceptance testing to ensure that the EUTF's requirements have been met.

The selected vendor will develop the Test Plan that will include all appropriate levels of testing considered necessary for the proposed system, and perform the following tasks:

- Identify the test purpose and scope
- Develop agreed upon user acceptance criteria for each phase of the project
- Develop test cases, which identify the requirement, function, module, system, or interface to be tested
- Identify the steps to be performed to verify the requirement, function, module, system, or interface to be tested
- Perform the steps identified to verify the requirement, function, module, system, or interface to be tested
- Perform all necessary retesting, including regression testing, of components that previously failed
- Identify the results, which constitute a success or pass condition
- Prepare test summary reports documenting test results
- Develop User Acceptance Test (UAT) strategies and supporting test scenarios
- Identify required user training
- Perform test of user training procedures
- Perform user acceptance testing
- Document the system test and UAT results in the RTM
- Perform load capacity and stress testing
- Prepare user policies and procedures

The project shall use software configuration management to control the baseline of the system software as testing progresses and the system becomes production-ready.

6.1.6 Resource Requirements

The resources needed to procure, develop, and implement the proposed solution shall come from the State and its selected vendors (see Section 6.2.1 for a description of project team roles and responsibilities, and Figure 2 for the organization chart).

The State project team will be comprised of staff from EUTF and with assistance from ETS, bringing program expertise and project management knowledge to the project. PCG estimates 4 FTEs will be needed for onetime project activities, in addition to involving subject matter experts on an as-needed basis throughout the project.

6.1.7 Accessibility

Section 508 of the Rehabilitation Act and the Americans with Disability Act of 1973 as amended (29 U.S.C. § 794 (d), and regulations implementing that act as set forth in Part 1194 of Title 36 of the Federal Code of Regulations requires accessibility to digital content and to IT applications for State employees and the public. The Benefits Administration System must meet these IT accessibility requirements. The EUTF will measure the vendor's compliance with the accessibility requirements using the following methodology:

- During the procurement phase require the vendor to certify that their solution meets § 508 requirements.
- During the project ensure that appropriate test scripts are developed and executed in compliance with § 508 requirements.
- During the project, the system will be subject to IV&V review to ensure compliance with § 508 requirements.

6.1.8 Training Plan

The project will require training for two different groups of users of the Benefits Administration solution.

Internal Users

The vendor will provide training to the EUTF staff. The EUTF will work with the vendor to determine the most effective method to train the staff, which may include the following elements:

- End User: Training for all of the EUTF users on application use and capability via on-site and/or distance education. This will include data input, maintenance, search and retrieval, and reporting requirements.
- System Administrator: Training on system access, security, configuration, and modification as appropriate.

The vendor will produce supporting documentation in the form of user manuals, training materials, and system documentation as appropriate.

External Users

The project team will develop an outreach and rollout strategy and plan to inform, educate, and obtain user buy-in from the State and County employers, benefit carriers, and other entities. Based upon that information, the selected vendor will be responsible for developing all training

materials necessary to successfully deploy the solution. The selected vendor will also deliver training as required by the EUTF.

The Benefits Administration solution will include an online help feature to assist external users in understanding how the system works.

6.1.9 Ongoing Maintenance

The selected vendor will be responsible for the maintenance of the Benefits Administration System development, test, training, and production environments. Additional responsibilities include:

- System testing
- Release management and change management
- System maintenance, to include day-to-day monitoring
- Technical support, to include repairing system bugs, scheduling/running batch jobs, maintaining the technical architecture and supporting general post implementation application support

The EUTF and ETS will perform the following services as part of ongoing maintenance:

- Ensure compliance with Federal, State, and administrative requirements
- Develop business requirement needs
- Test all system changes
- Support basic issues such as solving usage issues and fulfilling service desk requests that need IT involvement.
- Assess issues and provide solutions for problems by attempting to duplicate problems and define root causes, using product designs, code, or specifications.
- Problem resolution or identifying the need for a new feature.
- Regularly reviewing auditing controls for security compliance.
- Provide infrastructure support (desktops, network)

6.1.10 Information Security

The Benefits Administration solution must meet all State and Federal (e.g., HIPAA) security requirements. The vendor will maintain a security infrastructure that adheres to the requirements of the State.

Information in the system will only be accessible to authorized users. The proposed solution will support different levels of user access. The proposed solution will exchange data with all interface partners.

The EUTF will define and establish classes of users. System access will be managed via the user logon process. The access levels will include at a minimum:

- Inquiry
- Add/Update/Delete

- Security Administration (e.g. creation or update of security profiles)

Throughout the project the selected vendor will ensure that security requirements are met. In addition, the risk management approach outlined in Section 7. Risk Management Plan will be used periodically to assess information security risks based on the project schedule and project deliverables.

After the Benefits Administration solution is implemented, the selected vendor will perform a vulnerability assessment during the testing of system upgrades and/or enhancements.

6.1.11 Confidentiality

The Benefits Administration solution will include comprehensive security features including encryption for data at rest and data in transit and that support limiting access to the following:

- Confidential data
- Specified users and/or units based upon the confidentiality of information
- Selected applications, screens, and/or data based upon user security identification
- Specified users and/or units based on organizational structure

6.1.12 Impact on End Users

The Benefits Administration solution will significantly impact the way the EUTF conducts its business. It will automate data collection processes and reduce paper and manual work steps. It will also expand its use of the Internet to conduct business with its partners (the State and County employers, benefit carriers, and other entities) to provide more information and to provide better customer service. Specifically, this system will:

- Provide self-service functionality that will allow users to view their information online and submit changes on a real-time basis
- Reduce the need to perform manual activities by streamlining processing and eliminating redundant data entry.
- Allow EUTF to share information more efficiently and effectively
- Improve the efficiency and accuracy of financial transactions with more accounting functionalities (e.g. account balances, invoicing, payments, reimbursements, refunds, reporting, etc.)
- Provide authorized EUTF staff with data repository for generating standard and ad hoc management reports
- Ensure compliance with Federal, State, and administrative requirements
- Provide auditing controls for security compliance
- Provide ability to make system configuration changes

6.1.13 Impact on Existing System

Currently, the EUTF's activities are supported by Vitech's V3 (version 8.02) solution, which the new Benefits Administration solution will replace.

6.1.14 Impact on Current Infrastructure

Depending on the solution that EUTF selects as its new Benefits Administration solution, the possibility of installing a new imaging system may be required. Other additional processing or communication capacity may be needed for this project depending on the solution chosen.

6.1.15 Impact on Data Center(s)

The state data center will not be impacted by this project. Depending upon the selected model (COTS vs. SaaS), the vendor will host a development environment, and provide quality assurance, user acceptance testing, and production environments.

6.1.16 Backup and Operational Recovery

The selected vendor will establish an Operational Recovery Plan and strategies for rapid recovery using routine backups and replication strategies that are consistent with the State standards.

The selected vendor will perform these functions for the Benefits Administration solution’s test and production servers. The vendor shall backup all data and provide operational recovery to re-establish connectivity or application use as necessary.

6.1.17 Public Access

The EUTF will maintain strict access controls, including control of the information that it will collect and share with stakeholders.

6.1.18 Procurement Approach

Competition is one of the basic tenets in State procurement. Procurement activities will be conducted in an open and fair environment that promotes competition among prospective vendors. The table below lists the solicitations and procurement activities that the EUTF will pursue on this project.

Table 9: Listing of Solicitations and Assignment of Procurement Responsibilities

Responsible Party	Solicitation Type	Purpose
EUTF	RFP	Acquire a consultant to write the solution/SI Request for Proposals (RFP) and support the evaluation and selection process (i.e., procurement services)
EUTF	RFP	Acquire IV&V services to assess the project against industry standards, best practices and project requirements
Contractor, on behalf of EUTF	RFP	Acquire EUTF’s Benefits Administration Solution and System Integrator services to configure, implement, maintain and support EUTF’s new solution. Separately acquire imaging system/licenses (as needed, depending on solution selected).

The EUTF will adhere to all state procurement guidelines and receive guidance from ETS and the SPO as needed. Competitive solicitations will be posted on the State’s procurement site, known as the [Hawaii Awards and Notices Data System \(HANDS\)](#). Procurements less than \$100,000 can be posted on Hawaii’s eProcurement system, known as [HlePRO](#).

The estimated key milestone dates for the procurement phase are shown below.

Table 10: Key Milestone Dates

Procurement Activities by Solicitation	Completion Date
Procurement Services RFP	
Develop the RFP	November 27, 2018
Release the RFP	November 29, 2018
Proposals Due	January 7, 2019
Review/score proposals	February 8, 2019
Discussion with Priority Listed Offerors (PLOs) if needed	January 29, 2019
Best and Final Offer (BAFO) (if necessary)	February 5, 2019
Notice of Award; Contract Start Date	March 1, 2019
IV&V Services RFP	
Board Approval	April 23, 2019
Release RFP	April 25, 2019
Deadline for Registration Form/Intent to Bid	May 9, 2019
Deadline to submit written questions	May 16, 2019
EUTF's response to written questions posted	May 23, 2019
Proposals due	May 30, 2019
1st evaluation committee meeting to score proposals/determine PLOs	June 24, 2019
2nd evaluation committee meeting to conduct PLO interviews	July 2, 2019
BAFOs due	July 9, 2019
3rd evaluation committee meeting to do final scoring of BAFOs	July 15, 2019
Notice of contract award	July 23, 2019
Contract start date	September 1, 2019
Solution/SI RFP	
Board Approval	August 27, 2019
Release RFP	August 29, 2019
Deadline for Registration Form/Intent to Bid	September 12, 2019
Deadline to submit written questions	September 19, 2019
EUTF's response to written questions posted	September 30, 2019
Proposals due	October 8, 2019
1st evaluation committee meeting to score proposals/determine PLOs	November 1, 2019
Notify PLOs of site visit	November 5, 2019
Conduct site visit(s)	November 18, 2019

Procurement Activities by Solicitation	Completion Date
BAFOs due	December 3, 2019
3rd evaluation committee meeting to do final scoring of BAFOs	December 9, 2019
Notice of contract award	December 17, 2019
Contract start date	March 1, 2020

EUTF will make every effort to accelerate the procurement cycle, complete the award, and enter the configuration and implementation phase by January 2020.

6.2 Project Management Approach

This section describes how this project will be managed at a high level. This project will follow the project management processes and the best practices identified in the Project Management Institute’s Project Management Body of Knowledge (PMBOK®) and consistent with the philosophies of the Institute of Electrical and Electronics Engineers (IEEE).

Project planning information will be elaborated upon in the Benefits Administration Project Charter. The Project Charter will be the first project deliverable following approval of this FSR.

6.2.1 Project Organization

The project organization describes the team structure of the Benefits Administration solution project. The Benefits Administration solution project will be conducted in conformance with the PMBOK®. The project will be overseen by an Executive Steering Committee and Project Sponsor who will provide project guidance, direction, and approvals to the EUTF PM. The EUTF PM will oversee the daily management of the Benefits Administration solution project and with assistance from the PM provided by ETS or other third party, will be responsible for providing management and oversight of the selected vendor. In addition, the EUTF PM will engage with key stakeholders (other state departments, counties, cities, etc.) to obtain their input as required.

The solution vendor will be required to assign a Project Manager responsible for the design, development, and implementation of technical components, in addition to coordinating the daily activities of the solution vendor technical team.

The procurement vendor will develop the RFP for acquiring the Benefits Administration solution and SI. The RFP will be developed in accordance with SPO and ETS requirements and industry best practices.

The Independent Verification & Validation (IV&V) vendor will also be required to assign a project manager, who will be responsible for leading the assessment activities of the IV&V team.

The proposed organization chart for the Benefits Administration Project appears below.

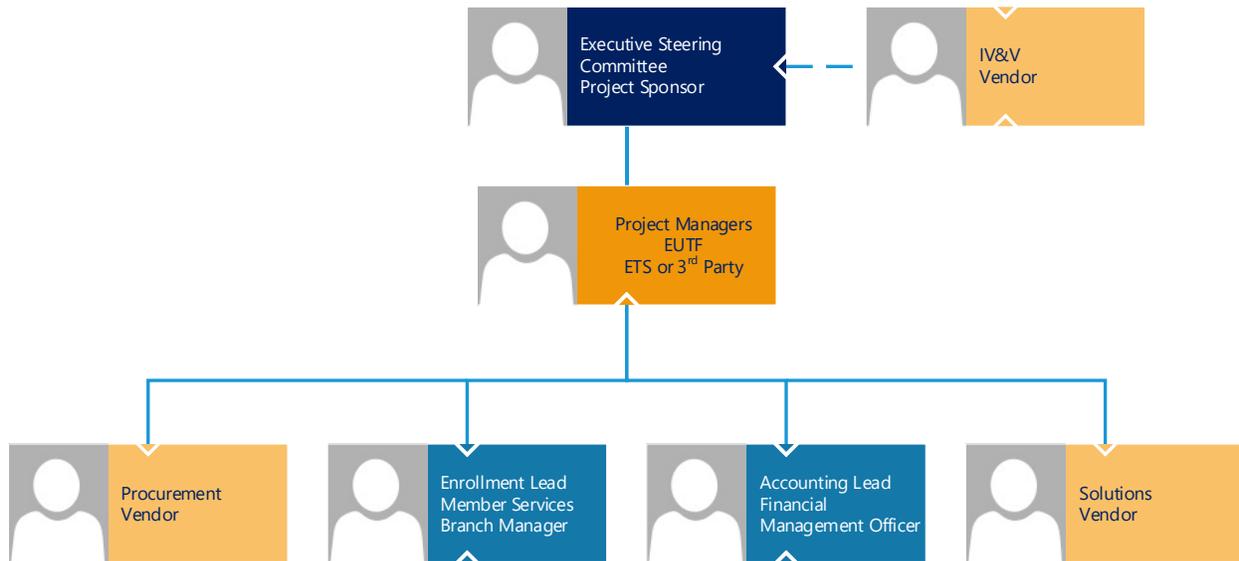


Figure 7: Benefits Administration Solution Project Organization Chart

Project roles and responsibilities are highlighted below.

Executive Steering Committee

- Develops and maintains a set of project vision and goals
- Develops the high-level project scope
- Reviews and approves project costs
- Secures funding
- Manages project operational and political issues and risks
- Champions the efforts of the project team
- Coordinates with related projects and program
- Develops policy
- Obtains support/agreement from stakeholders
- Resolves obstacles
- Communicates to the stakeholders

Project Sponsor

- Owns, and is accountable for, the overall success of the project
- Champions the project, and project team
- Sets and prioritizes project objectives
- Ensures the project is adequately funded
- Ensures timely availability of needed resources
- Ensures sustained buy-in at all levels

- Approves the Project Charter, Project Management Plan (PMP), and significant changes in scope, cost or schedule
- Empowers the Project Manager with the appropriate level of authority
- Ensures an appropriately skilled Project Manager is selected for the project
- Provides final approval of project deliverables
- Receives reports of all high severity risks and may be called upon to assist in risk mitigation
- Resolves issues and disputes regarding scope, cost, schedule, and quality of the project
- Serves as highest level of escalation for issues/decisions

Project Manager

- Responsible for the success of the project by managing scope, cost, schedule, quality
- Ensures deliverables and functionality are achieved as defined in the Project Charter and project plans
- Ensures effective management of all resources assigned to the project
- Serves as the primary liaison between the project and the Project Sponsor
- Manages and communicates project issues, risks, changes, and decisions and escalates, as needed, to the Project Sponsor
- Communicates project status to Project Sponsor, EUTF Management and other stakeholders
- Plans the project, including the creation and maintenance of the Project Management Plan
- Ensures deliverables and functionality are achieved as defined in the Project Charter and subsequent Project Management Plan
- Accountable to the Project Sponsor for all project office management related activities
- Plans, directs, and oversees the day-to-day activities of the project team
- Develops and/or oversees the master project schedule and all other project work plans.
- Principal point of contact for control agencies, project contractors, and stakeholders
- Ensures that the project is implemented within the budget constraints
- Directs and manages project work in conformance with project scope, schedule, cost and quality and all other subsidiary plans incorporated into the overall Project Management Plan, as well as the Staffing Plan
- Accountable for the development, maintenance, and adherence to the Project Office infrastructure and support methodologies
- Responsible for the overall management of the contracted resources
- Monitors risk management efforts to ensure they do not adversely impact the project

- Manages change control by coordinating the change request process as described in the Change Management Plan
- Develops and maintains the change request log
- Produces regular change management reports
- Assists in tracking and reporting the overall project progress

Functional Leads

- Participates in business process re-engineering (BPR)
- Identifies business rules and policies that must be enforced by the proposed solution
- Identifies required data for system tables
- Answers key business questions
- Acts as primary knowledge source for establishing business requirements
- Participates in the user acceptance testing activities to ensure the proposed system meets all business requirements
- Participates in BPR and business requirements workshops as they pertain to the system interfaces within scope for this project
- Participates in the user acceptance testing of the system interfaces to ensure that they meet the business requirements and successfully support business needs
- Involves other subject matter experts in the project on an as-needed basis

ETS/Third Party Project Manager

- Evaluates the project to ensure that it is following a structured and defined approach
- Prepares periodic project assessments and progress reports
- Collaborates with the project manager regarding project risks and risk mitigation strategies as well as issue monitoring and resolution
- Provides feedback and direction as needed
- Ensures processes for quality assurance are present and executed
- Reviews the project system development documents and deliverables to ensure accuracy and completeness
- Develops metrics to monitor project quality
- Oversees user acceptance testing activities

Independent Verification and Validation (IV&V)

- Provides IV&V services over the Benefits Administration vendor selection process
- Evaluates the project to ensure that it is following a structured and defined approach
- Prepares periodic assessment reports
- Collaborates with the project manager regarding project risks and risk mitigation strategies as well as issue monitoring and resolution

- Ensures processes for quality assurance are present and executed
- Reviews the project system development documents and deliverables for compliance with industry standards and project requirements
- Develops metrics to monitor project quality
- Assesses user acceptance testing activities

6.2.2 Project Management Plan (PMP)

A PMP will be developed to provide an approved working guide for how the Benefits Administration project will be managed. The PMP will describe how to manage the activities of the project, the vendor, and other key stakeholders throughout the project lifecycle stages to ensure project objectives are met in a timely, efficient, and effective manner.

The PMP will contain the following sub-plans:

- Change Management Plan
- Communications Plan
- Configuration Management Plan
- Contract Management Plan
- Cost Management Plan
- Governance Management Plan
- Issue Management Plan
- Procurement Management Plan
- Quality Management Plan
- Requirements Management Plan
- Resource Management Plan
- Risk Management Plan
- Schedule Management Plan
- Scope Management Plan

The selected vendor will develop a detailed project schedule during project initiation.

6.2.3 Project Monitoring

The state PM will conduct regularly scheduled status meetings with the project team to review project progress, discuss and resolve issues, consider change requests, and communicate upcoming actions.

The state PM will also convey project developments regularly to the Executive Sponsor. Project status will be presented in categories (Current Status and Accomplishments, Look Ahead View, Project Milestones, and Project Risks/Issues). Variances will be communicated as small, moderate, or significant for each of the following six areas:

- Schedule

- Milestones
- Deliverables
- Resources
- Budget

The potential impact and actions required for each variance will be described.

6.2.4 Project Quality

ETS' current quality control procedures will guide quality assurance. Procedures should cover separation of duties, acceptance testing, version control tools, requirements tracking, and user walk-throughs. The selected vendor will also help to develop quality standards for this project. The three primary activities in quality management include:

- Quality planning – identifying relevant quality standards and determining how to satisfy them
- Quality assurance –evaluating overall project performance to provide confidence in project quality at regular intervals
- Quality control – monitoring specific project results for quality standard compliance and identifying ways to eliminate unsatisfactory performance

Quality Planning

Quality planning will begin very early in the project, because the most significant impacts on the quality of a project occur during the early stages. As part of the project's quality planning activity, a Quality Management Plan (QMP) will be developed to describe the project team's responsibilities, and the procedures, processes, and resources needed to implement quality management on the project. Key to establishing successful quality management is an understanding of the project requirements.

Quality Assurance

Quality assurance will consist of implementing the QMP. It requires adherence to the standards and processes determined to be applicable to the project, which should result in continuous improvement, with few errors or defects. Quality assurance is the mechanism to ensure that the commitments stated in the QMP are actually being followed.

Quality Control

Quality control will focus on reviewing project results against quality standards and expected results. The goal is to introduce continuous improvement through feedback, instigate process improvements where needed, and ultimately eliminate unsatisfactory results.

The state PM and the IV&V vendor will monitor compliance with the QMP.

6.2.5 Change Management / Change Control

The selected vendor will develop a Configuration/Change Control Management Plan.

This plan will define a specific process to identify, analyze, and document potential changes, review and decide on changes, and to communicate decisions and outcomes to the project team.

Effective management of changes to project tasks and to product requirements is critical to the success of the project. It is imperative that changes to the original project boundaries or requirements are identified and reported to prevent “scope creep.” Timely logging, tracking and processing of change requests helps reduce risks, minimize misinformation, and prevent schedule delays. The visibility provided by a formal change management process enables the Executive Sponsor, project manager and other stakeholders to monitor the impact of approved change requests, communicate changes, and manage expectations.

The Change Management Plan will ensure the following:

- The current status of change requests is readily available.
- No changes are forgotten.
- A record of change requests will contribute to lessons learned on the project and add to documentation of the final solution.
- Project monitoring efforts will be streamlined.

7.0 Risk Management Plan

This section documents the risk management approach to be used by this project. The Benefits Administration solution project will follow the risk management processes that are based on PMBOK® guidelines. This section also contains the Risk Management Worksheet for the Benefits Administration solution project, which identifies the initial potential sources of risk associated with this project. This plan will encompass the entire structure of the project and its deliverables, providing a comprehensive framework for assessing each aspect of the project for potential risk.

7.1 Risk Management Approach

A risk is an event or condition that, if it occurs, has a positive or a negative effect on at least one project objective, such as scope, schedule, or budget. A risk may have one or more causes and, if it occurs, one or more impacts. A risk may be within or beyond the control or influence of the project team. The value of risk management is to identify, assess, plan for, and monitor risks before they occur, and if necessary, manage responses after they occur.

When work on the project begins, the EUTF and its solution vendor will agree upon common standards and tools to identify, mitigate, and manage risks. The resulting data will form the risk baseline. Prior to the start of the Design and Implementation Phase, a risk identification and planning session with the solution vendor will be conducted to re-baseline risks to reflect the current project conditions and the specifics of the Benefits Administration solution.

As new risks are identified during the life of the project, risks will be analyzed. The state PM will be responsible for establishing and maintaining risk status information, defining action plans, and taking corrective action when appropriate.

The Executive Steering Committee will formally review risks on a monthly basis. Agreed upon risk escalation requirements will be followed. The Benefits Administration solution project will respond to risk events throughout the life of the project.

The tools used to monitor risk include project management software to identify potentially impacted project activities situated on the critical path and risk management worksheets. Additionally, metrics for measuring performance and progress toward resolving risks will be established and maintained.

The state PM and Executive Sponsor will partner together to control the risks. Some risk control techniques to be used are as follows:

- Perform preventive action: This action uses the risk management plan as a guide to proactively reduce or eliminate the probability or impact of a risk event occurring.
- Perform corrective action: This action uses the risk management plan as a guide to perform the planned contingency risk response should a risk event occur.
- Update the Risk Management Plan: As the project changes, anticipated risks occur or fail to occur. As risk event effects are evaluated or new risks emerge, the risk management plan will be updated.

7.1.1 Risk Management Worksheet

The Risk Management Worksheet below describes the potential risks associated with the project, the probability of the risk occurring, the impact if the risk occurs, and preventive or contingency measures that the EUTF can use to address the risk.

Table 11: Risk Event Probability and Impact Descriptions

Statement of Probability or Impact	Description
Low	Unlikely or highly unlikely
Medium	Better than even chance
High	Highly likely or almost certain

Table 12: Benefits Administration Solution Project Risk Matrix

#	Risk Description	Impact	Probability	Priority	Risk Mitigation Measures
1	PROJECT SCHEDULE				
1.1	Procurement and/or contracting delays may result in late project start-up and increased project costs.	H	M	H	<ul style="list-style-type: none"> • Develop and follow a detailed project schedule to show task dependencies • Obtain guidance from the SPO and ETS in reviewing project tasks and timeline for reasonableness • Conduct ongoing monitoring of estimated vs. actual completion dates
2	PROJECT FUNDING				
2.1	Lack of budget appropriation may impact project funding.	H	M	H	<ul style="list-style-type: none"> • Take measures to ensure support from the Legislature
3	PROJECT RESOURCES				
3.1	Lack of available EUTF resources may impact the project schedule.	H	M	H	<ul style="list-style-type: none"> • Review EUTF staffing and ensure adequate staff are assigned to the project. • Hire staff to back-fill EUTF staff so they may freely participate in project activities • Create in advance detailed estimate of resources
3.2	Lack of ETS resource may impact the project schedule	L	L	L	<ul style="list-style-type: none"> • Consider another third-party resource. • Monitor the implementation of new strategies to control costs

#	Risk Description	Impact	Probability	Priority	Risk Mitigation Measures
					<ul style="list-style-type: none"> • Report the status to the Executive Sponsor on a regular basis • Develop and implement the appropriate project management tools to support vendor oversight activities
4	REQUIREMENTS MANAGEMENT				
4.2	Base-lined requirements that continue to change may result in cost overruns and project delays.	H	L	H	<ul style="list-style-type: none"> • Conduct vendor demonstrations to better understand offerings and clarify business requirements • Establish change management process to monitor and control requirements • Require formal sign-off of requirements as soon as they are completed • Require major changes to be approved by the Executive Sponsor
4.3	Poorly defined requirements may expand the scope of the project.	H	L	H	<ul style="list-style-type: none"> • Conduct validation of requirements prior to requirement approval • Develop requirement traceability matrices at each stage of the project • Develop user acceptance test scripts based on requirements
5	USER INVOLVEMENT				

#	Risk Description	Impact	Probability	Priority	Risk Mitigation Measures
5.1	The lack of user acceptance and buy-in will lead to project failure.	H	L	H	<ul style="list-style-type: none"> Keep state departments, counties, cities, employers and carriers informed throughout the project Include representative sample of users in the following activities: <ul style="list-style-type: none"> Vendor demos Requirements definition User acceptance testing Pilot the Benefits Administration solution prior to full roll-out
5.2	The lack of stakeholder involvement in the FSR process may impact project scope	M	L	M	<ul style="list-style-type: none"> Develop Stakeholder Management Strategy and Plan Develop Communications Plan to address stakeholder communications
6	CONTRACTOR PERFORMANCE				
6.1	Late contractor deliverables will result in delayed testing and implementation.	H	M	H	<ul style="list-style-type: none"> Create and maintain positive working relationship with vendor to proactively identify and mitigate schedule risks. Establish economic incentives for vendor to complete deliverables and deliver functionality on time. Establish contractual requirements for timely completion of tasks and deliverables.

#	Risk Description	Impact	Probability	Priority	Risk Mitigation Measures
					<ul style="list-style-type: none"> • Base contract payments on completed deliverables and delivered functionality. • Complete Deliverable Expectation Documents (DEDs) for each deliverable.
6.2	Incomplete or incorrect design assumptions or requirements will lead to customer dissatisfaction.	H	M	H	<ul style="list-style-type: none"> • Obtain consensus of key staff at start of design process. • Demonstrate prototype to key staff. • Adjust schedule to incorporate changes. • Review all additional requirements to keep design within scope.
6.3	Failure of the vendor to perform will result in quality issues and schedule delays.	H	M	H	<ul style="list-style-type: none"> • Schedule and review deliverables on consistent basis to identify and correct performance problems (including DEDs). • Require references in the procurement document that demonstrate successful experience modifying and implementing a system of similar functionality, size, and complexity. • Include contingencies in the vendor contract for not providing acceptable deliverables and or functionality on schedule.

#	Risk Description	Impact	Probability	Priority	Risk Mitigation Measures
					<ul style="list-style-type: none"> Execute the appropriate contract contingency and adjust schedule/costs as appropriate.
6.4	Inability to meet IT Accessibility requirements may cause the self-service functionality to be abandoned.	H	M	H	<ul style="list-style-type: none"> Ensure vendor complies with § 508 of the Rehabilitation Act and the Americans with Disabilities Act of 1973 Ensure IT Accessibility is certified Include IT Accessibility requirements in the procurement and design documents Ensure for traceability of the IT Accessibility requirements in the solution design Assess compliance during the design phase using IV&V services
6.5	Inability to meet HIPAA security requirements may cause project delays	H	L	H	<ul style="list-style-type: none"> Include HIPAA requirements in the procurement and design documents Ensure for traceability of the HIPAA requirements in the solution design Assess compliance during the design phase using IV&V services
7	DATA OWNERSHIP				
7.1	Technical difficulties at the vendor site may cause data to be lost.	H	L	H	<ul style="list-style-type: none"> Require appropriate disaster recovery procedures and sites in vendor contract

#	Risk Description	Impact	Probability	Priority	Risk Mitigation Measures
7.2	Replacement of a selected vendor may limit access to historic data	H	L	H	<ul style="list-style-type: none"> Require escrow account for source code and data Clarify state ownership of data in the vendor contract
8	SOFTWARE TESTING				
8.1	Lack of testing will result in costly system design flaws	H	M	H	<ul style="list-style-type: none"> Require a Test Management Plan to vet out design flaws and defects Establish testing scope and prioritize critical system/user testing Determine testing types required such as performance, unit, integration, user acceptance, system testing Create solid testable requirements
9	TRAINING				
9.1	Lack of training for EUTF staff will reduce productivity and client satisfaction	H	M	H	<ul style="list-style-type: none"> Require the System Integrator to create a Training Plan Include EUTF stakeholders (i.e. Counties) in external user training
10	ORGANIZATIONAL CHANGE MANAGEMENT				
10.1	Employees ill prepared for system and process change will impact client satisfaction and create employee frustration	H	L	H	<ul style="list-style-type: none"> Require System Integrator to provide Organizational Change Management support Prepare for change Manage change plan Reinforce change

8.0 Project Costs

This section describes the one-time and ongoing estimated costs for acquiring and implementing the Benefits Administration solution.

8.1 Estimated One-Time Solution Cost

The one-time cost for implementing the Benefits Administration solution is comprised of the following:

- State personnel services
- Hardware
- Software and system integration services
- Other contract services

The total estimated one-time project cost for the EUTF system replacement project is \$10,354,000, as itemized by cost element in the following sections.

8.1.1 State Personnel

The total estimated state personnel cost for new positions that will be needed to support the project over a period of 18 months is \$549,000, as presented in the table below.

Table 13: Summary of One-Time Project State Personnel Cost

State Personnel Services	Unit	Cost
ETS Project Manager	1	\$192,000
EUTF Project Manager	1	\$161,000
Enrollment Functional Lead -- Member Services Branch Manager	1	\$78,500
Accounting Functional Lead -- Financial Management Officer	1	\$117,500
Total	4	\$549,000

8.1.2 Hardware

The total estimated hardware cost for the EUTF Project is \$190,000. Details for these costs are provided in the table below.

Table 14: Estimated One-Time Hardware Cost

Hardware Cost	Cost
Imaging Solution	\$186,000
Network	\$4,000
Total	\$190,000

8.1.3 Software and System Integration Services

The total cost of the software and SI services is \$8,975,000, as itemized below. It is anticipated that the BPR and OCM services will be sought in the Benefits Administration solution RFP.

Table 15: Estimated One-Time Software and System Integration Costs

Software and System Integration Cost		Cost
Benefits Administration Solution / System Configuration		\$8,750,000
Business Processing Re-engineering Services		\$150,000
Organizational Change Management Services		\$75,000
Total		\$8,975,000

8.1.4 Other Contract Services

The estimated cost for contract services totals \$640,000. IV&V services are planned for a period of 24 months, to encompass the vendor selection process for the Benefits Administration solution. Details for the other contract services cost are provided in the table below.

Table 16: Estimated One-Time Contract Services Costs

Other Contract Services Cost		Cost
Procurement Services (RFP development for SI Services)		\$160,000
Independent Verification & Validation Services		\$480,000
Total		\$640,000

8.2 Ongoing Project Cost

The annual ongoing cost for the EUTF Project has been estimated at \$1,550,000 and is comprised of costs in the following areas:

- License fees
- Network circuit
- Imaging support
- Ongoing maintenance

The estimated cost is itemized in the table below.

Table 17: Estimated Annual Maintenance and Operations Cost

Maintenance & Operations		Annual Cost
License fees		\$330,000
Network circuit		\$12,000
Imaging support		\$8,000
Ongoing maintenance		\$1,200,000
Total		\$1,550,000

The total estimated one time and ongoing project cost for the solution over a five-year period is shown in the table below.

Hawaii Employer-Union Health Benefits Trust Fund
Health Benefits Administration System Feasibility Study Report

Table 18: Total Estimated Five-Year Project Cost

	FY19	FY20	FY21	FY22	FY23	FY24	Total
Development & Implementation							
Solution/SI services	\$0	\$8,750,000	\$0	\$0	\$0	\$0	\$8,750,000
State personnel services	\$0	\$119,000	\$238,000	\$0	\$0	\$0	\$357,000
Project mgmt support - ETS	\$0	\$192,000	\$0	\$0	\$0	\$0	\$192,000
RFP development for SI services	\$160,000	\$0	\$0	\$0	\$0	\$0	\$160,000
IV&V	\$0	\$480,000	\$0	\$0	\$0	\$0	\$480,000
Organizational Change Mgmt	\$0	\$75,000	\$0	\$0	\$0	\$0	\$75,000
Business Process Reeng	\$0	\$150,000	\$0	\$0	\$0	\$0	\$150,000
Third-party imaging solution	\$0	\$186,000	\$0	\$0	\$0	\$0	\$186,000
Network	\$0	\$4,000	\$0	\$0	\$0	\$0	\$4,000
Total DD&I	\$160,000	\$9,956,000	\$238,000	\$0	\$0	\$0	\$10,354,000
Maintenance & Operations							Total
License fees	\$0	\$0	\$27,500	\$330,000	\$330,000	\$330,000	\$1,017,500
Network circuit	\$0	\$0	\$1,000	\$12,000	\$12,000	\$12,000	\$37,000
Imaging support	\$0	\$0	\$667	\$8,000	\$8,000	\$8,000	\$24,667
Ongoing maintenance	\$0	\$0	\$100,000	\$1,200,000	\$1,200,000	\$1,200,000	\$3,700,000
Total M&O	\$0	\$0	\$129,167	\$1,550,000	\$1,550,000	\$1,550,000	\$4,779,167
Total DD&I and M&O	\$160,000	\$9,956,000	\$367,167	\$1,550,000	\$1,550,000	\$1,550,000	\$15,133,167

The source of funding for this project is EUTF's Trust Fund.

Appendix A: Business and Technical Requirements

#	BUSINESS REQUIREMENTS
1	System shall allow users to enter new information or change existing information via a secured encrypted connection to the Internet based on appropriate security and access rights.
2	System shall allow users to view information related to accounts via a secured encrypted connection to the Internet based on appropriate security and access rights.
3	System shall provide the ability to apply standard workflows to enforce process consistency, including for events triggered by self-service transactions.
4	System shall provide the ability to automate event rules and history via workflow.
5	System shall provide the ability to trigger workflow events for job-related events (e.g., hires, terminations), changes to bargaining unit (BU), and passive events (e.g., service and age anniversaries).
6	System shall provide the ability to modify and create new workflows as needed.
7	System shall provide the ability to assign workflow administration rights per user.
8	System shall support internal and external electronic approvals (e.g., for all signed approvals needed) via workflow.
9	System shall provide the ability to assign different levels of approval rights based on EUTF-defined rules (e.g., program rules) and automatically route documents or records via workflow for appropriate action based on these approval levels.
10	System shall provide the ability for supervisors to monitor workloads and re-assign tasks via workflow when appropriate.
11	System shall allow users to easily manage their tasks using caseload management - including the auto-scheduling of tasks according to pre-defined workflow rules.
12	System shall allow users to easily manage their tasks using reminders for upcoming tasks.
13	System shall allow users to easily manage their tasks using alerts for pending or overdue tasks.
14	System shall provide the ability to monitor workflow through digital dashboards, reports, and alerts. Dashboard capability based on roles.
15	System shall include COBRA as a life event.
16	System shall provide the capability to close EUTF-defined closing cycles with no down time to users' workflow.
17	System shall allow authorized users to view, edit, and add information to records and files, based on EUTF-defined criteria (e.g., level of classification).
18	System shall allow multiple users to access a record concurrently, restricting "write" access to a single user.

#	BUSINESS REQUIREMENTS
19	System shall lock a record whenever a record is being updated.
20	System shall provide alert and tickler functionality for processing status by aging
21	System shall provide alert and tickler functionality assigned by user
22	System shall provide alert and tickler functionality for administrative alerts by pre-determined thresholds
23	System shall provide alert and tickler functionality for duplication of specified fields (e.g., Social Security Number (SSN), Medicare ID Number (HICN))
24	System shall provide alert and tickler functionality for prior year dates entered (to ensure correct dates are being entered)
25	System shall provide the ability to calculate total premium rate by plan selection
26	System shall provide the ability to calculate employee-beneficiary's contribution by plan selection (pre- and post-tax)
27	System shall provide the ability to calculate employer's contribution by employee-beneficiary's plan selection
28	System shall provide the ability to calculate imputed income/imputed income reversal for domestic partner relationship
29	System shall provide the ability to calculate retiree and/or survivor and/or employer contributions based on EUTF-defined criteria
30	System shall provide the ability to calculate Med B reimbursements/overpayments
31	System shall provide the ability to calculate refunds/forfeitures/override/calculations
32	System shall provide the ability to calculate employer portion owed by employee
33	System shall provide the ability to calculate split enrollment billings (ideally through payroll deduction/adjusted eBill)
34	System shall provide the ability to calculate split tier calculations pre- and/or post-tax
35	System shall provide the ability to calculate retroactive and future transactions
36	System shall provide invoicing capabilities.
37	System shall comply with State and Federal laws/regulations including the Affordable Care Act (ACA)
38	System shall comply with State and Federal laws/regulations including Health Insurance Portability and Accountability (HIPAA)
39	System shall comply with State and Federal laws/regulations including the Uniformed Services Employment and Reemployment Rights Act (USERRA)
40	System shall comply with State and Federal laws/regulations including the Family Medical Leave Act (FMLA)

#	BUSINESS REQUIREMENTS
41	System shall comply with State and Federal laws/regulations including Consolidated Omnibus Budget Reconciliation Act (COBRA)
42	System shall comply with State of Hawaii System Requirements for Computer Application Systems.
43	System shall provide the ability to automatically generate notification that correspondence needs to be generated, based on EUTF-defined criteria. (e.g. COBRA).
44	System shall provide the ability to automatically generate correspondence based on EUTF-defined criteria. (MS Word preferred).
45	System should provide the ability to generate correspondence by zip codes, grouping of zip codes (e.g., islands), with linking to zip code database/service.
46	System shall provide the ability to e-mail/text correspondence via a secure, encrypted system.
47	System shall store form templates and allow user to select and generate letters on-demand.
48	System shall store the form ID and date sent for automated system-generated forms at the account level as part of the employee-beneficiary's record.
49	System should link to the appropriate form based upon the employee-beneficiary's preferred language of communication.
50	System shall allow authorized users to select the fields required for each form.
51	System shall automatically populate data fields within the forms with personal and enrollment data from the employee-beneficiary account.
52	System shall allow authorized users to designate forms to be generated at the employee-beneficiary level.
53	System shall generate forms (e.g. EC forms).
54	The system shall provide the ability to print bar coded/QR information forms.
55	System shall store letter templates and allow authorized users to select modify and generate letters on-demand. (MS Word).
56	System shall use the employee-beneficiary's mailing address for correspondence.
57	System shall store the letter ID and date sent for automated system generated letters at the account level as part of the employee-beneficiary's record.
58	System shall link to the appropriate letter based upon the employee-beneficiary's preferred method of communication (e.g., hard copy or e-mail).
59	System shall allow authorized users to select the fields required for each letter.
60	System shall automatically populate data fields within the letters with personal and enrollment data from the employee-beneficiary account.

#	BUSINESS REQUIREMENTS
61	System shall allow authorized users to designate letters to be generated at the employee-beneficiary level.
62	System shall have the capability to create batch letters on demand using selected criteria.
63	System shall have the ability to generate coupons with a MICR.
64	System shall allow authorized users to request any document with an ID by name, type, date, etc. and to print on demand.
65	System shall provide the ability to directly scan and store documents in the BAS.
66	System shall provide the ability to link scanned documents to employee-beneficiary, employer, and carrier records.
67	System shall include bar code/QR and optical character recognition capabilities.
68	System shall provide the ability to track employee-beneficiary and dependent-beneficiary transactions.
69	System shall automatically store details of transactions by date, time, user id and before and after values of the updated fields.
70	System shall support override capability for exceptions to EUTF-defined rules (e.g., eligibility requirements), based on EUTF-authorizations.
71	System shall allow processing of multiple effective dated transactions, retro dated and future dated transactions (e.g., retroactive enrollment).
72	System shall allow for easy roll-back to correct transactions with maintenance of audit history.
73	System shall allow for specified entries after terminating status (e.g. address changes) based on EUTF-defined authorizations.
74	System shall accept, and process manual or electronic transactions received from external entities (e.g. DAGS payroll, ERS Pension).
75	System shall support ACH processing (e.g., for reimbursements and refunds).
76	System shall accept, and process manual or electronic transactions received from the bank.
77	System shall include a Medicare Reimbursement Screen (similar to a balance sheet)
78	System shall have the ability to process COBRA transactions.
79	System shall maintain and provide access to all data in current EUTF systems that are replaced (i.e., V3; Kofax - if imaging is replaced; financial management systems such as QuickBooks - if application functionality is replaced).

#	TECHNICAL REQUIREMENTS
User Management	
80	System shall provide the ability to add and activate users to the application.
81	System shall provide the ability to deactivate users in the application.
82	System shall provide the ability for users to manage their profile and passwords.
83	System shall provide the ability to indicate that Supervisor approval is required for specific functions (e.g., authorizations, plan termination, refunds/reimbursements).
84	System shall provide the ability to control and administer multiple levels of user access.
Audit	
85	System shall provide the ability to generate an audit report for all records and transactions.
86	System shall provide audit-tracking reports for user access and usage logs.
87	System shall provide an audit trail of all activities.
88	System shall be able to provide role-based user administration and access.
89	System shall be able to track records that have been accessed by user.
Security	
90	System shall comply with State security requirements.
91	System shall comply with HIPAA security requirements.
92	System shall be implemented with a security infrastructure and tools for protection of programs and data from intentional unauthorized access attempts as well as security breaches due to accidental causes.
93	System shall provide data masking.
94	System shall provide an efficient, flexible way to control and administer multiple levels of user access.
95	System shall provide the ability to control/allow access to sensitive consumer records (e.g., identity) to identified users/groups.
96	System shall provide the ability to encrypt identified data elements.
Performance	
97	System shall provide a high level of performance at all times, including during peak periods.
98	System shall provide 24x7 reliability for client facing web portal.

#	TECHNICAL REQUIREMENTS
Availability	
99	System shall operate on a 24x7 basis except during required maintenance.
100	System shall adhere to necessary disaster recovery requirements ensuring that the business is not significantly impacted due to system failure.
User Interface	
101	System Web pages accessed by external users shall be consistent with State of Hawaii standards and ADA requirements, and be accessible by major browsers (e.g., MS Internet Explorer, Chrome, Mozilla Firefox, Safari, Mobile).
102	System shall provide real time access to information from business offices and remote locations (i.e., access from home).
103	System shall provide multi-user access to all modules/functions within the system.
104	System shall provide online secure access via Web-enabled technologies by authorized external stakeholders (employers, employees, carriers).
Help Functionality	
105	System shall provide online, context sensitive help at the module, function/screen, and field level.
106	System shall provide online user documentation that is indexed and searchable.
107	System should have the ability to provide an encrypted chat feature.
Usability	
108	The solution shall facilitate the ease in learning and using desktop applications by EUTF employees and customers.
Database Management	
109	System shall utilize a modern Database.
110	System shall provide encrypted and non-encrypted data import/export functionality to receive/send standard format data from/to external parties.
111	System shall provide tools to support database backup and recovery procedures.
112	System shall provide the ability to run queries and reports.
Network and Operating Systems	
113	System shall use industry standard network protocols.
114	System shall provide the ability to restrict which printers are available for individual functions.

#	TECHNICAL REQUIREMENTS
115	System shall provide the ability to encrypt data in transit and data at rest.
116	System should be able perform using on premises and in a virtual environment.
Application Architecture	
117	System shall provide a Web-based user interface for all system applications and modules used by external users.
118	System shall co-exist in an environment that includes multiple applications and shall provide interoperability with third-party applications".
Interfaces	
119	Interfaces System shall have the ability to export and import data to/from external stakeholders (e.g., employers and carriers) in electronic format System shall comply with EDI file standard format (834 5010).
120	System shall have the ability to interface with the following systems: <ul style="list-style-type: none"> • ERS Employee Retirement System • Employers' Payroll Systems – premium deduction amount for employees • Employers – membership information to employers • Benefit Carriers – enrollment related transactions, eligibility, plan choice, dependents notification • External systems - (DOH, HIC, banks, IRS, Accurant)
121	System shall facilitate the ability to share data between EUTF, employers, and carriers.
Maintainability	
122	System shall comply with State requirements for computer application systems (e.g., SOA, based on industry standards).
123	Application shall be allowed to be updated on a regular basis for patching and security updates.
Batch Printing	
124	System shall provide the ability to select by document type and print via one batch job.
125	System should have the ability to print as required (double sided, collate multiple documents into one print job, single sided).
126	System should have the ability to modify print batch jobs.

Appendix B: Market Survey



EUTF Vendor
Survey_final.pdf

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND**ADMINISTRATIVE RULES****CONTENTS**

- 1.00 General Provisions
 - 1.01 Purpose
 - 1.02 Definitions
 - 1.03 Public Information
 - 1.04 Computation of Time
 - 1.05 Officers of the Board
 - 1.06 Committees of the Board
 - 1.07 Meetings of the Board
 - 1.08 Appearances Before the Board
 - 1.09 Delegation of Authority
 - 1.10 State Ethics Code
 - 1.11 Controlling Law
 - 1.12 Authority of the Board to Waive Rule Provisions
 - 1.13 Responsibilities of Employee-Beneficiaries and Public Employers; Enforcement Actions of the Fund

- 2.00 Administrative Procedures
 - 2.01 Adoption, Amendment or Repeal of Rules
 - 2.02 Policies, Standards, and Procedures
 - 2.03 Declaratory Rulings
 - 2.04 Administrative Appeals (not related to Claim Filing and Appeals Information for Self-Insurance Plan Administered Benefits, which are discussed in Rule 2.06)
 - 2.05 Emergency Appeals of Eligibility
 - 2.06 Claim Filing and Appeals Information for Self-Insured Plan Administered Benefits

- 3.00 Eligibility for Enrollment
 - 3.01 Health Benefits
 - 3.02 Group Life Insurance

- 4.00 Enrollment Procedures
 - 4.01 Application for Enrollment
 - 4.02 Rejection of an Enrollment Application

- 4.03 Dual or Multiple Enrollment
- 4.04 Date of Filing
- 4.05 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates
- 4.06 Notification of Changes in Personal Information
- 4.07 Verification of Eligibility
- 4.08 Regular Open and Additional Limited Enrollment Periods
- 4.09 Continuation of Coverage
- 4.10 Contribution Shortage
- 4.10.5 Contribution Refund
- 4.11 Cancellation of Enrollment; Effective Dates of Cancellation
- 4.12 Termination of Enrollment; Effective Dates of Termination
- 4.13 Reinstatement of Enrollment

5.00 Health and Other Benefit Plans

- 5.01 Enrollment; Effective Dates of Coverage
- 5.02 Changes in Enrollment; Effective Dates of Coverage
- 5.03 Mandatory Enrollment in Medicare Part B and Medicare Part D for Retired Employees and Cancellation Due to Failure to Enroll
- 5.04 Cancellation Due to Failure to Enroll or Failure to Maintain Enrollment in Medicare; Effective Date of Cancellation
- 5.05 Termination of Enrollment; Effective Dates of Termination
- 5.06 Reinstatement of Enrollment; Effective Dates of Reinstatement
- 5.07 Reimbursement of Retired Employee-Beneficiaries and Their Dependent-Beneficiaries Who Relocate Outside of the State of Hawaii

1.00 GENERAL PROVISIONS

- 1.01 Purpose
- 1.02 Definitions
- 1.03 Public Information
- 1.04 Computation of Time
- 1.05 Officers of the Board
- 1.06 Committees of the Board
- 1.07 Meetings of the Board
- 1.08 Appearances Before the Board
- 1.09 Delegation of Authority
- 1.10 State Ethics Code
- 1.11 Controlling Law
- 1.12 Authority of the Board to Waive Rule Provisions
- 1.13 Responsibilities of Employee-Beneficiaries and Public Employers; Enforcement Actions of the Fund

1.01 Purpose

Chapter 87A of the Hawaii Revised Statutes establishes a health trust fund known as the Hawaii Employer-Union Health Benefits Trust Fund. The Fund is to be used to provide eligible state and county employees, retirees, and their dependents with health and other benefit plans at a cost affordable to both the public employers and the public employees. The board is to administer and carry out the purposes of the Fund. These rules are adopted by the board pursuant to Section 87A-26 of the Hawaii Revised Statutes to implement the administration and purposes of the Fund.

1.02 Definitions

As used in these rules, unless otherwise indicated by the context, the following terms shall have the following meanings:

“Administrator” means the administrator of the Fund appointed by the board or the duly authorized representative of the administrator.

“Benefit plan” means a health benefit plan, a group life insurance plan that is subject to Section 79 of the Internal Revenue Code, or any other type of benefit plan except for a long-term care benefit plan.

“Board” shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Cancellation Non-Payment Status” means an employee-beneficiary whose plans have been cancelled for the remainder of the plan year due to failure to pay the required semi-monthly or monthly contributions.

“Carrier” shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Child” means an employee’s, spouse’s or partner’s as defined in these rules, legally adopted child, child placed for adoption, stepchild, foster child, or recognized natural child. For excepted benefits, a child must be unmarried and live with the employee-beneficiary. A child has been placed for adoption when an employee-beneficiary, spouse, or partner has assumed custody of and the obligation to support a child in anticipation of adopting the child. A foster child is a child: (1) who lives with an employee in a regular parent-child relationship; and (2) for whom the employee has become the child’s guardian and has been awarded legal and physical custody of the child pursuant to a valid court order.

“Civil Union Partner” means an individual who is a party to a civil union established pursuant to Chapter 572B of the Hawaii Revised Statutes.

“Contribution” or “Contributions” shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“County” shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Dependent-beneficiary” shall mean the persons described in Rule 3.01 of these rules as being eligible for coverage as dependent-beneficiaries in the health benefit plans offered or sponsored by the Fund.

“Dissolution of domestic partnership” shall occur when: (1) the employee-beneficiary no longer meets the requirements to qualify as a “domestic partner”; (2) one of the partners to the domestic partnership expressly informs the other of the end of their domestic partnership; (3) one of the partners to the domestic partnership takes actions inconsistent with the continued existence of the domestic partnership; or (4) the domestic partnership is otherwise terminated or dissolved.

“Domestic partner” shall mean a person in a spouse-like relationship with an employee-beneficiary who meets the following requirements: (1) the employee-beneficiary and the domestic partner intend to remain in a domestic partnership with each other indefinitely; (2) the employee-beneficiary and the domestic partner have a common residence and intend to reside together indefinitely; (3) the employee-beneficiary and the domestic partner are and agree to be jointly and severally responsible for each other’s basic living expenses incurred in the domestic partnership such as food, shelter and medical care; (4) neither the employee-beneficiary nor the domestic partner are married or a member of another domestic partnership; (5) the employee-beneficiary and the domestic partner are not related by blood in a way that would prevent them from being married to each other in the State of Hawaii; (6) the employee-beneficiary and the domestic partner are both at least 18 years of age and mentally competent to contract; (7) the consent of the employee-beneficiary or the domestic partner to the domestic partnership has not been obtained by force, duress or fraud; and (8) the employee-beneficiary and the domestic partner sign and file with the Fund a declaration of domestic partnership in such form as the board shall from time to time prescribe.

“Eligibility” shall have the meaning as meeting the Fund’s requirements to participate or be qualified to participate in plans offered by the Fund.

“Employee” shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Employee-beneficiary” shall mean the persons described in Rule 3.01 of these rules as being eligible to enroll as employee-beneficiaries in the health benefit plans offered or sponsored by the Fund.

“Employer” or “public employer” shall have the meaning as set forth in Section 89-2 of the Hawaii Revised Statutes.

“Excepted Benefits” shall mean benefits not subject to the National Health Care Reform Law (including the Patient Protection and Affordable Care Act [PPACA] of 2010, the Public Health and Safety Act, the Health Care and Education Reconciliation Act [HCERA] of 2010, and all subsequent legislative amendments and guidance). Examples of ‘excepted benefits’ include stand alone dental and vision plans and retiree-only plans.

“Fraud and Intentional Misrepresentation” includes, but is not limited to, intentionally or knowingly keeping an ineligible dependent enrolled in a Fund benefit plan (for example, an ex-spouse, over age or ineligible dependent child, etc.). Other situations of fraud or intentional misrepresentation of fact can include: failure to submit the required proof dependent status documentation or the documentation submitted does not confirm the dependent is eligible as a dependent for coverage in a Fund benefit plan, or filing fraudulent claims as described in Rule 4.12(b). The Fund will provide at least thirty (30) days advance written notice to each participant who will be affected before coverage is rescinded for fraud or intentional misrepresentation. In accordance with the requirements in the Affordable Care Act, the Fund will not retroactively cancel coverage except when premiums and contributions are not timely paid in full, or in cases when an individual performs an act, practice or omission that constitutes fraud, or makes an intentional misrepresentation of material fact that is prohibited by the terms of the Fund.

“Full-time student” means a student who is enrolled in an accredited school, college, or university for not less than the minimum number of credit hours required by such educational institution to have full-time student status.

“Fund” shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Fund benefit plan” means a benefit plan offered or sponsored by the Fund.

“Health benefit plan” shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Limiting Age” shall mean: (1) for active employees, pertaining to excepted benefits, as defined in this Rule 1.02, the age a child loses eligibility as a dependent-beneficiary is upon reaching age nineteen, unless the child is a full-time student, as defined in this Rule 1.02, which would extend the limiting age to the child’s twenty-fourth birthday; (2) for active employees, pertaining to non-excepted benefits, as defined in this Rule 1.02, the age at which a child loses eligibility as a dependent-beneficiary is upon the end of the month that the dependent reaches age twenty-six; (3) for retirees, surviving spouses and surviving partners pertaining to non-excepted and excepted benefits, as defined in this Rule 1.02 the age a child

loses eligibility as a dependent-beneficiary is upon reaching age nineteen, unless the child is a full-time student, as defined in this Rule 1.02, which would extend the limiting age to the child's twenty-fourth birthday.

"Month" shall mean thirty (30) days.

"Non-Fund benefit plan" means a benefit plan offered or sponsored by a private employer or an entity other than the Fund.

"Part-time, temporary, and seasonal or casual employee" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Partner" or "Partnership" shall mean a domestic partner or civil union partner.

"Periodic change" shall have the same meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Plan year" shall mean the 12-month period from January 1 through December 31 for retired employees and July 1 through June 30 for active employees.

"Qualified-beneficiary" shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

"Qualified medical child support order" means any judgment, decree, or order issued by a court of competent jurisdiction that requires the provision of health benefits coverage to a child of a non-custodial parent.

"Retired member" or "retired employee" means a former employee, officer, appointed or elected official of the State or counties who is currently receiving a retirement or pension allowance from a State or county retirement system or an employee who retired prior to 1961.

"Spouse" means a person who is lawfully married pursuant to Hawaii law".

"State or county retirement system" means the employees' retirement system, the county pension system, or the police, fire, or bandsmen pension system of the State or any county.

“Termination of civil union partnership” means the civil union partnership terminates in accordance with applicable state laws and rules.

“Trustee” shall have the meaning as set forth in Section 87A-1 of the Hawaii Revised Statutes.

“Trustee group” means the group composed of the five trustees representing public employers or the group composed of the five trustees representing employee-beneficiaries as described in Section 87A-5 of the Hawaii Revised Statutes.

1.03 Public Information

To the extent permitted by applicable federal or state law, the public records of the Fund shall be available for inspection at the Fund's office during regular business hours. All requests for inspection of public records shall be in writing and addressed to the administrator or any other person designated by the board to receive such requests. Copies of public records shall be provided upon the payment of the reasonable costs of reproduction and any fees for searching, reviewing and segregating such records. The board shall establish such costs and fees in accordance with applicable federal and state law.

Protected health information about employee-beneficiaries and dependent-beneficiaries are not public records. Employee-beneficiaries, dependent-beneficiaries, and others may have access to such information only in conformance with the Health Insurance Portability and Accountability Act of 1996 and the rules passed under that Act ("HIPAA"), and the Fund's HIPAA Privacy Policies and Procedures.

1.04 Computation of Time

Whenever a period of time is stated in these rules as a number of days from or after an event: (a) the period shall be computed in calendar days; (b) the day of the event shall not be included in the calculation; and (c) the last day of the period shall be included in the calculation.

1.05 Officers of the Board

- (a) The board shall elect a chairperson, vice-chairperson, and secretary-treasurer.
- (b) Both the chairperson and vice-chairperson shall be elected from the same trustee group. The secretary-treasurer shall be elected from the other trustee group.
- (c) Officer terms shall be for one year beginning July 1, 2002, and shall rotate between the trustee groups annually. The terms of all elected officers shall terminate on June 30 of each succeeding year and such officers shall vacate their offices at that time.

- (d) Except as otherwise provided by law or by rules or policies adopted by the board, the duties of the officers shall be as provided in the current version of *Robert's Rules of Order, Newly Revised*.
- (e) The chairperson or vice-chairperson and secretary-treasurer shall coordinate assignments to the administrator and other Fund staff, requests for information, and other matters concerning the administration and operation of the board.

1.06 Committees of the Board

- (a) Standing committees shall be established by the board to address critical issues in the major functional areas of the Fund:
 - (1) The Administrative Committee will have combined administrative and finance committee functions;
 - (2) The Benefits Committee will have benefits and communication committee functions.
 - (3) The Investment Committee will review the reports of the Investment Consultant and report to the Board of Trustees on the Fund's investments.
- (b) The board may establish other committees to address matters related to the operation or administration of the Fund or to investigate issues that impact the Fund.
- (c) Committees shall operate informally and shall make recommendations to the full board. Meetings of all standing committees will comply with Part I of Chapter 92 of the Hawaii Revised Statutes.
- (d) A minimum of four trustees (two trustees from each trustee group) shall be assigned to a committee. The assigned number of trustees may be larger for certain committees provided that an equal number of trustees are assigned from each trustee group.
- (e) Attendance of at least one trustee from each trustee group shall be necessary to convene a committee meeting.

- (f) Committees may select a chairperson and any other officers as deemed necessary by the board.
- (g) Committee chairpersons shall coordinate assignments to the administrator and other Fund staff for their respective committees.
- (h) Trustees in attendance shall agree within their working committees on recommendations made to the full board. When there is no agreement by the trustees in attendance, the committee shall present a summary of the disagreement(s) to the full board.

1.07 Meetings of the Board

- (a) To the extent permitted by applicable federal or state law, the meetings of the board shall be open to the public. Without limiting the foregoing, board meetings shall comply with Part I of Chapter 92 of the Hawaii Revised Statutes, including the provisions therein requiring: (1) written and electronic notice of board meetings at least six days prior to each meeting; and (2) written minutes.
- (b) The board shall designate the administrator or some other member of the Fund's staff to be responsible for preparing agendas for future board meetings. Any trustee may place a question or subject on the agenda of a future board meeting by notifying the administrator or other designated staff person by 12:00 noon, seven days prior to the board meeting. All board meeting agendas shall be transmitted to the chairperson for review prior to public notice.
- (c) Unless otherwise required by the board or applicable law, the parliamentary procedure to be used by the board in the conduct of its meetings shall be in accordance with the current version of *Roberts Rules of Order, Newly Revised*.
- (d) Voting procedures for board meetings and the criteria for a quorum are established in Section 87A-11 of the Hawaii Revised Statutes. In addition, the following voting procedures shall apply:
 - (1) After a motion is made and seconded, the presiding officer shall read the motion and open the question to discussion and debate by the trustees. When ready to put the motion to a vote, the presiding officer shall call for the public employer and employee-beneficiary

trustee votes to determine whether there are three votes from each trustee group in favor of the motion. If so, the motion shall be recorded as having been approved by one vote from the public employer trustees and one vote from the employee-beneficiary trustees.

- (2) For routine or procedural matters, the presiding officer may ask if there is any opposition to a motion after it has been made, and to the extent required, seconded and debated. If no opposition is voiced, the motion shall be recorded as having been unanimously approved by one vote by the public employer trustees and one vote from the employee-beneficiary trustees.
- (3) If the voting is not unanimous by each side, the names of the trustees who voted in favor of the motion, voted against the motion, or abstained from voting shall be recorded in the minutes.
- (4) In the event of a deadlock in the vote of the board, the board may vote on the same question or resolution at the next two successive meetings of the board. In the event of a deadlock in the vote of the board on the same question or resolution at the two successive meetings of the board, the board shall vote on whether or not to engage in dispute resolution. If six trustees of the board vote to engage in dispute resolution, the two trustee groups shall enter into mediation to attempt to resolve the question or resolution upon which the board has deadlocked.

The mediation shall be handled by a mediator appointed by the Federal Mediation and Conciliation Service. If the Federal Mediation and Conciliation Service fails or refuses to appoint a mediator within ten (10) days of the date on which the six trustees voted to engage in dispute resolution, the mediation shall be handled by a mediator mutually agreeable to the two trustee groups. If the two trustee groups do not agree on a mediator within twenty (20) days of the date on which the six trustees voted to engage in dispute resolution, either trustee group may petition the Administrative Judge of the First Circuit, Circuit Courts of the State of Hawaii, to appoint a mediator. Upon the appointment of a mediator, the two trustee groups shall in good faith enter into mediation on the question or resolution upon which the board has deadlocked. Nothing in this rule is meant to preclude the board

from voting to engage in other forms of alternate dispute resolution to resolve a question or resolution upon which it has deadlocked.

- (5) Whenever any statute or other law requires a vote of a majority, two-thirds or other percentage or fraction of the trustees or members to which the board is entitled, the motion or other action shall be approved if it receives two votes in favor of the motion or action as provided in subsection (d)(1) of this Rule, regardless of the total number of votes in favor of the motion or action.

For example, if a statute or other law requires a two-thirds vote of the members to which the board is entitled, the motion or other action will be approved if three trustees from each trustee group vote in favor of the motion or other action, even if the remaining four trustees vote against the motion or other action.

1.08 Appearances Before the Board

- (a) All persons shall comply with this rule when appearing before the board. Unless otherwise required by applicable federal or state law, the board shall have the discretion to prescribe additional standards and procedures for all appearances and proceedings before the board. The board may waive or suspend the provisions of this rule with respect to any particular appearance or proceeding before it.
- (b) Any person appearing before the board may appear in person, by an officer, partner or regular employee of the party, or be represented by an authorized representative. The board may at any time require any person transacting business with the board in a representative capacity to prove or authenticate the person's authority and qualification to act in such capacity.
- (c) The board shall afford all interested persons an opportunity to present oral testimony or submit data, views, or arguments, in writing, on any agenda item.
 - (1) Persons providing written testimony shall provide thirty copies of their testimony of which twenty (20) copies shall be made available to the public. Twenty (20) copies of materials provided to the board for or during a meeting that are determined to be disclosable shall be made available for distribution to the public.

- (2) The board shall hear oral testimony on an agenda item after it has completed discussion of that item. At that time, the presiding officer shall invite members of the public to ask questions or provide comments on the agenda item prior to any action by the board. After the public has had an opportunity to provide input on the agenda item, the board may discuss the agenda item further and act on the item or move on to the next agenda item.
 - (3) A person may speak at a board meeting only when recognized to do so by the presiding officer. Comments are limited to three minutes per speaker. Time limitations may be adjusted at the discretion of the presiding officer or at the request of any three trustees. A person may not speak a second time on the same question unless authorized by the presiding officer to do so.
 - (4) The board may refuse to hear any testimony that is irrelevant, immaterial, or unduly repetitious and may from time to time impose additional conditions as are necessary or desirable for the orderly, efficient, and convenient presentation of oral testimony to the board. The board may request that the person providing oral testimony submit the testimony in writing to the board.
- (d) Nothing herein shall require the board to hear or receive any oral testimony or documentary evidence from a person on any matter which is the subject of another proceeding pending before the board.

1.09 Delegation of Authority

To the extent permitted by law, the board may delegate authority to act on its behalf in accordance with board policies and standards to a committee of the board, an administrator, a carrier, a third party administrator, or to such other persons and entities as it deems necessary or reasonable for the effective and efficient administration of the Fund and the provisions of Chapter 87A of the Hawaii Revised Statutes; provided, however, that nothing in this rule shall permit the board to delegate its power to adopt, amend or repeal any rules.

1.10 State Ethics Code

All trustees and employees of the Fund shall comply with Chapter 84 of the Hawaii Revised Statutes.

1.11 Controlling Law

To the extent that federal or state law governs any matter covered by these rules, the Fund and the board shall comply with and follow such federal or state law. To the extent that any matter is not completely governed by federal or state law, the Fund and the board shall apply these rules to the extent reasonable and practicable.

1.12 Authority of the Board to Waive Rule Provisions

Subject to statutory requirements and limitations, the Board may waive an employee-beneficiary's compliance with any provision of the Fund's rules when the Board determines that: (a) good cause exists for such a waiver; and (b) such waiver does not involve any increase in the obligations or liabilities of the Fund beyond that which would have been involved if the employee-beneficiary had fully complied with the Fund's rules. Each waiver by the Board must be in writing and supported by documentation of the pertinent facts and grounds.

1.13 Responsibilities of Employee-Beneficiaries and Public Employers; Enforcement Actions of the Fund

- (a) Employee-beneficiaries are responsible for:
 - (1) Providing current and accurate personal information as per Rules 4.06 and 4.07 within the times prescribed in these Rules;
 - (2) Paying the employee's premium contributions in the amount or amounts provided by statute, an applicable bargaining unit agreement, or by the applicable Fund benefit plan;
 - (3) Paying the employee's premium contributions at the times and in the manner designated by the board; and
 - (4) Complying with the Fund's rules.
- (b) Any public employer whose current or former employees participate in Fund benefit plans is responsible for:

- (1) Providing information, as requested by the Fund under section 87A-24(9) of the Hawaii Revised Statutes, within the times prescribed by the Fund;
 - (2) Determining that employees are eligible to participate in Fund benefit plans pursuant to the definition of employee-beneficiary found in these rules and section 87A-1 of the Hawaii Revised Statutes;
 - (3) Paying the employer's premium contributions in the amount or amounts provided by statute or an applicable bargaining unit agreement and at the times and in the manner designated by the board;
 - (4) Assisting the Fund in distributing information to and collecting information from the employee-beneficiaries; and
 - (5) Complying with the Fund's rules.
- (c) The Fund shall have the right and authority to file actions in any court, including but not limited to the courts of the State of Hawaii and the United States of America, to enforce the foregoing obligations and to collect premium contributions. Nothing in this rule is intended to limit or restrict the rights or remedies otherwise available to the Fund.

2.00 ADMINISTRATIVE PROCEDURES

- 2.01 Adoption, Amendment or Repeal of Rules
- 2.02 Policies, Standards, and Procedures
- 2.03 Declaratory Rulings
- 2.04 Administrative Appeals (not related to Claim Filing and Appeals Information for Self-Insurance Plan Administered Benefits, which are discussed in Rule 2.06)
- 2.05 Emergency Appeals of Eligibility
- 2.06 Claim Filing and Appeals Information for Self-Insured Plan Administered Benefits

2.01 Adoption, Amendment or Repeal of Rules

- (a) The board may adopt, amend or repeal any rule of the Fund upon a motion of any trustee or upon the petition of an interested person or organization.
- (b) In the case of an interested person or organization, the petition shall be in writing and shall be submitted in duplicate to the board. The petition need not be in any particular form but shall contain:
 - (1) The petitioner's name, address, and telephone number;
 - (2) A statement of the nature of the petitioner's interest;
 - (3) A statement of the reasons for the proposed rule, amendment or repeal;
 - (4) A draft of the proposed rule, amendment or repeal; and
 - (5) The signature of the petitioner.

The board may reject any petition that does not contain the foregoing information.

- (c) The board shall determine whether to deny or proceed with a petition within ninety (90) days. If the petition is denied, the board shall notify the interested person or organization in writing of the denial.
- (d) If the board decides to proceed with any proposed rule change, whether by a trustee or interested person or organization, it shall consult with public employers and affected employee organizations with regard to the proposed rule change as follows. First, it shall transmit the proposed rule change to the public employers, exclusive employee organizations,

exclusive representatives, retiree organizations, and all other employee organizations registered with the board for consultation prior to adoption. Second, it shall provide the employers, representatives and organizations a reasonable amount of time for review and comment on the proposed change prior to final action by the board.

- (e) After the consultation provided for in subsection (d), the proposed rule change shall be considered for adoption at an open meeting of the board that permits the attendance of interested persons.
- (f) All proposed rule changes shall be adopted by the board in accordance with the provisions of section 87A-26 of the Hawaii Revised Statutes.
- (g) New rules, amendments or repeals of rules that are adopted by the board shall be submitted to the governor for approval and filed with the lieutenant governor's office.
- (h) Unless some other date is expressly selected by the board, a new rule, amendment of a rule, or repeal of a rule shall be effective the first day after the rule, amendment, or repeal is filed with the lieutenant governor's office.

2.02 Policies, Standards, and Procedures

Policies, standards and procedures to be adopted amended or repealed may, at the discretion of the board, be transmitted to public employers and affected employee organizations for consultation purposes. Nothing herein shall require the board to consult with public employers or affected employee organizations concerning the board's adoption, amendment or repeal of policies, standards and procedures or to transmit any such policies, standards or procedures to public employers or affected employee organizations for consultation purposes.

2.03 Declaratory Rulings

- (a) Any interested person may petition the board for a declaratory ruling as to the applicability of any statutory provision administered by the board or of any rule or order of the Fund.
- (b) Every petition shall be in writing and shall be submitted in duplicate to the board. The petition need not be in any particular form but shall contain the following:

- (1) The petitioner's name, address, and telephone number;
- (2) A designation of the specific statute, rule or order in question;
- (3) A statement of the nature of the petitioner's interest, including the reasons for the submittal of the petition;
- (4) A complete statement of the relevant and material facts;
- (5) A statement of the position or contentions of the petitioner; and
- (6) A full discussion of the reasons, including any legal authorities, in support of the petitioner's position or contention.

The board may reject any petition that does not contain the foregoing information.

- (c) Petitions to intervene and become a party to a declaratory ruling proceeding may be submitted in writing to the board. Such petitions shall contain the same information as required under subsection (b) and the grounds and reasons on which intervention is sought. The Board may deny intervention where the petition to intervene raises issues not reasonably pertinent to the issues already presented or the petition raises issues that would broaden the issues to be decided. If intervention is granted, the petitioner shall become a party to the proceeding to the degree permitted by the order granting intervention.
- (d) The board may dismiss any petition for a declaratory ruling for good cause. Without limiting the generality of good cause, the board may dismiss a petition if:
 - (1) The question raised is purely speculative or hypothetical;
 - (2) The petitioner's interest is not of the type or nature that would give the petitioner standing to maintain an action if the petitioner were to seek judicial relief;
 - (3) The issuance of a declaratory ruling may adversely affect the interests of the employer, the board, any of the trustees, the Fund, or any of the Fund's officers or employees in litigation which is pending or reasonably expected to arise in the future; or
 - (4) The matter is not within the jurisdiction of the board.
- (e) Subject to applicable federal and state law, the board at its discretion shall:
 - (1) Render a decision on the petition for a declaratory ruling without a hearing; or

- (2) Hold a hearing and thereafter render its decision on the petition; or
- (3) Refer the petition for consideration or hearing to the administrator, a special or standing committee of the board or any other person or entity duly designated by the board. After considering the recommendation of the administrator, committee or designated person or entity, the board shall render its decision on the petition.

Where any question of law is involved, the board may seek the assistance of the state attorney general in reviewing the matter. The board may also seek the assistance of other government agencies when necessary or desirable.

Any petitioner who desires a hearing shall submit a written request for a hearing together with the petition for a declaratory ruling. The written request shall set forth in detail the reasons why the matters alleged in the petition, together with supporting affidavits or other written evidence and briefs or memoranda of legal authorities, will not permit the fair and expeditious disposition of the petition and, to the extent that the request for a hearing is dependent upon factual assertions, shall submit affidavits or certificates establishing those facts.

- (f) The petition for a declaratory ruling shall either be rejected in accordance with subsection (d) or acted upon by issuance of an order within ninety (90) days. Upon the disposition of the petition, the board shall promptly notify the petitioner.
- (g) Orders disposing of petitions for a declaratory ruling will have the same status as other agency orders. An order shall be applicable only to the fact situation alleged in the petition or as set forth in the order. An order shall not be applicable to different fact situations or where additional facts exist that were not considered in the order.

2.04 Administrative Appeals (not related to Claim Filing and Appeals Information for Self-Insurance Plan Administered Benefits, which are discussed in Rule 2.06)

- (a) A person aggrieved by one of the following eligibility decisions by the Fund may appeal to the board for relief from that decision:

- (1) A determination that the person is not an employee-beneficiary, dependent-beneficiary or qualified-beneficiary, or that the person is not eligible to enroll in or be covered by a benefit plan offered or sponsored by the Fund;
 - (2) A determination that the person cannot make a change in enrollment, a change in coverage, or a change in plans;
 - (3) A cancellation or termination of the person's enrollment in or coverage by a benefit plan, offered or sponsored by the Fund; or
 - (4) A refusal to reinstate the person's enrollment in or coverage by a benefit plan, offered or sponsored by the Fund.
- (b) The first step in the appeal process is an appeal to the administrator. In order to appeal to the administrator for relief, an aggrieved person must file a written appeal in the Fund's office within one hundred eighty (180) days of the date of the adverse decision with respect to which relief is requested. The written appeal shall be filed in duplicate. Unless otherwise provided by applicable federal or state law, neither the administrator nor the board shall be required to hear any appeal that is filed after the one hundred eighty (180) day period has expired. The written appeal need not be in any particular form but should contain the following information:
- (1) The aggrieved person's name, address, and telephone number;
 - (2) A description of the decision with respect to which relief is requested, including the date of the decision;
 - (3) A statement of the relevant and material facts; and
 - (4) A statement as to why the aggrieved person is appealing the decision, including the reasons that support the aggrieved person's position or contentions.
- (c) If the aggrieved person is dissatisfied with the administrator's action or if no action is taken by the administrator on the aggrieved person's written appeal within thirty (30) days of its being filed in the Fund's office, the second step in the appeal process is for the aggrieved person to file a written appeal to the board. A written appeal to the board must be filed in duplicate in the Fund's office within ninety (90) days of the administrator's action. If no action is taken by the administrator within thirty (30) days of the written appeal to the administrator being filed in the Fund's office, then the written appeal to the Board must be filed in duplicate in the Fund's office within one-hundred twenty (120) days of the written appeal to the administrator being filed in the Fund's office. The

written appeal need not be in any particular form but shall contain the following information:

- (1) The aggrieved person's name, address and telephone number;
- (2) A statement of the nature of the aggrieved person's interest, e.g., employee-beneficiary or dependent-beneficiary;
- (3) A description of the decision with respect to which relief is requested, including, the date of the decision;
- (4) A complete statement of the relevant and material facts;
- (5) A statement of why the aggrieved person is appealing the decision, including a complete statement of the position or contentions of the aggrieved party; and
- (6) A full discussion of the reasons, including any legal authorities, in support of the aggrieved party's position or contentions.

Subject to applicable federal and state law, the board may reject any appeal that does not contain the foregoing information.

- (d) The board at any time may request the aggrieved person or any other party to the proceeding to submit a statement of additional facts or a memorandum, the purpose of which is to clarify the party's position or a specific factual or legal issue.
- (e) The board shall grant or deny the appeal within forty-five (45) days of the date of the postmark of a request for appeal. The board shall not be required to hold a hearing on any appeal unless otherwise required by applicable federal or state law. If required to hold a hearing, or if it decides to voluntarily hold a hearing on an appeal, subject to applicable federal or state law, the board may set such hearing before the board, a special, or standing committee of the board, a hearings officer, or any other person or entity authorized by the board to hear the matter in question. Nothing in these rules shall require the board to hear or decide any matter that can be lawfully delegated to another person or entity for a hearing and decision.

- (f) At any time, an aggrieved person may voluntarily waive his or her rights to the administrative appeal provided by the Rule by submitting such a waiver in writing to the Fund's office. The board may require the aggrieved person to make such a waiver by signing a form prescribed by it.

2.05 Emergency Appeals of Eligibility

- (a) The Board may appoint a sub-committee made up of two trustees, one from the employer group and one from the employee group, to hear and make final decisions on emergency appeals. The Board Chair shall appoint the sub-committee chair, which shall rotate between employer trustee and employee trustee every six months.
- (b) An employee-beneficiary ("appellant") who is aggrieved by a plan administrator's decision denying or limiting eligibility for benefits provided under a plan offered by the Fund to the employee-beneficiary or a dependent-beneficiary enrolled by the employee beneficiary may make an emergency appeal directly to the Board where a delay in following the Fund's normal appeal process could in the opinion of a physician with knowledge of the medical condition of the employee-beneficiary or dependent-beneficiary:
 - (1) Seriously jeopardize the life or health of the employee-beneficiary or dependent-beneficiary;
 - (2) Seriously jeopardize the employee-beneficiary's or dependent-beneficiary's ability to regain maximum functioning; or
 - (3) Subject the employee-beneficiary or dependent-beneficiary to severe pain that cannot be adequately managed without the care or treatment that is the subject of the appeal.
- (c) Any appellant or designee desiring to make an emergency appeal under this Rule shall contact the Fund administrator and be prepared to provide the following information:
 - (1) The name, address, and telephone number of the appellant;
 - (2) A description of the decision with respect to which relief is requested; a statement as to why the appellant is appealing the decision, including all reasons that support the appellant's position or contentions; and any relevant and material facts;

- (3) Why the appellant's appeal qualifies as an emergency appeal, i.e., why the appeal meets one or more of the conditions stated in subsection (b) above;
- (4) Information that supports the appellant's appeal, including, but not limited to, any opinions from physicians that show that the appeal should be handled as an emergency appeal; and
- (5) If appellant is going to be represented by a designee, proof the designee may act on behalf of the appellant.

Notwithstanding the foregoing, the Fund administrator may waive the foregoing requirements if the Fund administrator finds that the criteria for making an emergency appeal are present and circumstances prevent the appellant from providing information or documents required in 1 through 5 above.

- (d) The Fund administrator shall expeditiously, but in no event later than two business days, determine whether the request for emergency appeal qualifies as an emergency appeal under the criteria stated in this Rule. If the Fund administrator determines that the request for emergency appeal does not qualify as an emergency appeal, the appellant's appeal shall be handled as a normal appeal. Appellant may appeal the Fund administrator's denial of a request for emergency appeal by submitting a request to the Fund Administrator. No particular form is required for such a request so long as it can be understood that the appellant is seeking to appeal the Fund administrator's decision to the Board.
- (e) Upon determining that an appeal qualifies as an emergency appeal or upon receipt of an appeal of the Fund administrator's denial of a request for emergency appeal, the Fund administrator shall take the following actions:
 - (1) Set a time and date of a hearing when the sub-committee can meet either in person or via phone. The hearing shall be set as soon as possible.
 - (2) Notify the appellant and his or her representative, if any, of the time and date of the hearing;
 - (3) The Fund administrator may request the parties to provide the Fund administrator with copies of any documents, records, written testimony, or other written evidence that they wish the sub-committee to consider at the hearing; and

- (4) Prior to the hearing, the Fund administrator shall provide each member of the sub-committee with copies of any materials provided by the appellant.
- (f) Unless the appellant expressly requests a public hearing, any hearing under this Rule shall be closed to the public. At the hearing, the following procedures shall apply:
 - (1) The sub-committee shall hear and consider all relevant testimony and documents;
 - (2) At any time during the hearing, the sub-committee may enter executive session to consult counsel regarding any legal issues involved in the appeal; and
 - (3) Prior to the conclusion of the hearing, the sub-committee shall announce its decision on the appeal to the Fund administrator. The sub-committee shall subsequently issue its decision in writing. A certified copy of the written decision shall be sent by certified mail to the appellant within a reasonable time after the hearing.
- (g) The Fund administrator may designate one or more EUTF staff members to perform any or all of the Fund administrator's duties under this Rule when the Fund administrator is unavailable or otherwise unable to perform such duties.

2.06 Claim Filing and Appeals Information for Self-Insured Plan Administered Benefits

- (a) This section describes the self-insured plans appeals timing and processes if an employee-beneficiary or dependent-beneficiary receives an adverse benefit determination. The process will be in conformance with 29CFR 2560.503 and amendments thereto. The processes are comprised of the following:
 - (1) Internal standard appeal;
 - (2) External Appeal using the Independent Review Organization (IRO);
 - (3) Internal expedited appeal for urgent care;
 - (4) External appeal using an IRO for urgent care.
- (b) Definitions pertinent to claims and appeals.

- (1) “Adverse benefit determination”, a denial, reduction, or termination of, or a failure to provide or make payment (in whole or in part) for, a Fund benefit. An adverse benefit determination includes a denial, reduction, or termination of, or failure to provide or make payment (in whole or in part) for, a Fund benefit based on the application of a utilization review. An adverse benefit determination also includes a failure to cover a Fund benefit because use of the benefit is determined to be experimental, investigative, or not medically necessary or appropriate.
- (2) “Fund Benefit”, when referenced in this Section 2.06, a Fund benefit refers specifically to a self insured plan administered benefit.
- (3) “Claim”, a request for a Fund benefit that is made in accordance with the Fund’s established procedures for filing benefit claims.
- (4) “Medically Necessary” (Medical Necessity), medications, health care services or products are considered medically necessary if:
 - i. Use of the medication, service, or product is accepted by the health care profession in the United States as appropriate and effective for the condition being treated;
 - ii. Use of the medication, service, or product is based on recognized standards for the health care specialty involved;
 - iii. Use of the medication, service, or product represents the most appropriate level of care for the individual, based on the seriousness of the condition being treated, the frequency and duration of services, and the place where services are performed; and
 - iv. Use of medication, service or product is not solely for the convenience of the individual, individual’s family, or provider.
- (5) “Post-Service Claim”, a claim for a Fund benefit that is not a Pre-Service Claim.
- (6) “Pre-Authorization”, pre-service review of an employee-beneficiary’s or dependent-beneficiary’s initial request for a particular medication, service or product. The self-insured plan administrator will apply a set of pre-defined criteria to determine whether there is need for the requested medication, service, or product.
- (7) “Pre-Service Claim”, a claim for a medication, service, or product that is conditioned, in whole or in part, on the approval of the

benefit in advance of obtaining the requested medical care or service. Pre-service claims include individual requests for pre-authorization.

- (8) “Urgent Care Claim”, a claim for a medication, service, or product where a delay in processing the claim: (a) could seriously jeopardize the life or health of the employee-beneficiary or dependent-beneficiary, and/or could result in the employee-beneficiary’s failure to regain maximum function, or (b) in the opinion of a physician with knowledge of the employee-beneficiary’s condition, would subject the employee-beneficiary or dependent-beneficiary to severe pain that cannot be adequately managed without the requested medication, service, or product.
- (c) Time limit for initial filing of self-insured plan and administered claims.
- (1) All post-service self-insured plan administered claims must be submitted to the administrator within one year from the date of service. No plan benefit will be paid for any claim not submitted within this period.
 - (2) If a self-insured plan claim is not approved, an employee-beneficiary or dependent-beneficiary may appeal that denial by following the steps in this Claim Filing and Appeal section. The Fund has delegated final claims and appeal authority for self-insured plan administered benefits to the independent self-insured plan administrator. This section discusses the claim appeal process for the following types of claims: Pre-Authorization Claim Review Services, Pre-Service Appeals Review Services, and Post-Service Appeals Review Services.
- (d) The claims and appeals process
- (1) Pre-authorization review. The self-insured plan administrator will implement the cost containment programs by comparing individual requests for certain medicines, services, or products and/or other benefits against pre-defined lists or formularies before those prescriptions, services, or products are approved. If the self-insured plan administrator determines that the employee-beneficiary or dependent-beneficiary’s request for pre-authorization cannot be approved, that determination will constitute an adverse benefit determination.

- (2) Appeals of adverse benefit determinations of pre-service and urgent care claims. If an adverse benefit determination is rendered on the employee-beneficiary or dependent-beneficiary's self-insured plan administered claim, the employee-beneficiary or dependent-beneficiary may file an appeal of that determination. The individual's appeal of the adverse benefit determination must be made in writing and submitted to the self-insured plan administrator within one hundred eighty (180) days after the employee-beneficiary or dependent-beneficiary receives notice of the adverse benefit determination.

If the adverse benefit determination is rendered with respect to an urgent care claim, the employee-beneficiary or dependent-beneficiary and/or the employee-beneficiary or dependent-beneficiary's attending physician may submit an appeal by contacting the self-insured plan administrator. The employee-beneficiary or dependent-beneficiary's appeal should include the following information:

- (i) Name of the person the appeal is being filed for;
- (ii) The prescription drug program identification number, service description and/or code, or product name and number;
- (iii) Date of birth;
- (iv) Written statement of the issue(s) being appealed;
- (v) Prescription drug name(s), service(s), or product(s) being requested; and
- (vi) Written comments, documents, records or other information relating to the claim.

The employee-beneficiary or dependent-beneficiary's appeal and supporting documentation should be mailed, emailed, or faxed to the self-insured plan administrator.

If a covered person or their covered dependent does not understand English and has questions about a claim denial, the covered person or covered dependent should contact the appropriate claims administrator to find out if assistance is available.

TAGALOG (Tagalog): Kung kailangan niyo ang tulong sa Tagalog tumawag sa ang EUTF.

CHINESE (中文): 如果需要中文的帮助, 请拨 EUTF.

- (3) The self-insured plan administered program’s review. The self-insured plan administrator will provide the first-level review of appeals of pre-service claims. If the employee-beneficiary or dependent-beneficiary appeals the self-insured plan administrator’s decision, the employee-beneficiary or dependent-beneficiary can request an additional second-level medical necessity review. That review will be conducted by an Independent Review Organization (“IRO”).
- (4) Timing of review.
 - (i) Pre-Authorization Review. The self-insured plan administrator will make a decision on a pre-authorization request for a Fund benefit within fifteen (15) days after it receives the request. If the request relates to an urgent care claim, the self-insured plan administrator will make a decision on the claim within seventy-two (72) hours.
 - (ii) Pre-Service Claim Appeal. The self-insured plan administrator will make a decision on a first-level appeal of an adverse benefit determination rendered on a pre-service claim within fifteen (15) days after it receives the employee-beneficiary or dependent-beneficiary’s appeal. If the self-insured plan administrator renders an adverse benefit determination on the first-level appeal of the pre-service claim, the employee-beneficiary or dependent-beneficiary may appeal that decision by providing the information described above. A decision on the employee-beneficiary or dependent-beneficiary’s second-level appeal of the adverse benefit determination will be made (by the IRO) within fifteen (15) days after the new appeal is received. If the employee-beneficiary or dependent-beneficiary is appealing an adverse benefit determination of an urgent care claim, a decision on such appeal will be made not more than seventy-two (72) hours after the request for appeal(s) is received (for both the first-and second-level appeals, combined).

- (iii) Post-Service Claim Appeal. The self-insured plan administrator will make a decision on an appeal of an adverse benefit determination rendered on a post-service claim within sixty (60) days after it receives the appeal.
- (5) Scope of review. During its pre-authorization review, first-level review of the appeal of a pre-service claim, or review of a post-service claim, the self-insured plan administrator will:
- (i) Take into account all comments, documents, records and other information submitted by the employee-beneficiary or dependent-beneficiary relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination on the claim;
 - (ii) Follow reasonable procedures to verify that its benefit determination is made in accordance with the applicable Fund documents;
 - (iii) Follow reasonable procedures to ensure that the applicable Fund provisions are applied to the employee-beneficiary or dependent-beneficiary in a manner consistent with how such provisions have been applied to other similarly-situated individuals; and
 - (iv) Provide a review that does not afford deference to the initial adverse benefit determination and is conducted by an individual other than the individual who made the initial adverse benefit determination (or a subordinate of such individual).

If an employee-beneficiary or dependent-beneficiary appeals the self-insured plan administrator's denial of a pre-service claim, and requests an additional second-level medical necessity review by an IRO, the IRO shall:

- a) Consult with appropriate health care professionals who were not consulted in connection with the initial adverse benefit determination (nor a subordinate of such individual);
- b) Identify the health care professional, if any, whose advice was obtained on behalf of the Fund in connection with the adverse benefit determination; and

- c) Provide for an expedited review process for urgent care claims.
- (6) Notice of adverse benefit determination. Following the review of an employee-beneficiary or dependent-beneficiary's claim, the self-insured plan administrator will notify the employee-beneficiary or dependent-beneficiary of any adverse benefit determination in writing. (Decisions on urgent care claims will be also communicated by telephone or fax.) This notice will include:
 - (i) The specific reason or reasons for the adverse benefit determination;
 - (ii) Reference to the pertinent Fund provision on which the adverse benefit determination was based;
 - (iii) A statement that the employee-beneficiary or dependent-beneficiary is entitled to receive, upon written request, free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim;
 - (iv) If an internal rule, guideline, protocol or other similar criterion was relied upon in making the adverse benefit determination, either a copy of the specific rule, guideline, protocol or other similar criterion; or a statement that such rule, guideline, protocol or other similar criterion will be provided free of charge upon written request; and
 - (v) If the adverse benefit determination is based on a medical necessity, either the IRO's explanation of the scientific or clinical judgment for the IRO's determination, applying the terms of the Fund to the employee-beneficiary or dependent-beneficiary's medical circumstances, or a statement that such explanation will be provided free of charge upon written request.
- (7) Authority as claims fiduciary. The self-insured plan administrator has been designated by the Board as the claims fiduciary with respect to all types of claim appeal review of the benefit claims arising under the Fund it administers. The self-insured plan administrator shall have, on behalf of the Fund, sole and complete discretionary authority to determine these claims conclusively for all parties. The self-insured plan administrator is not responsible

for the conduct of any second-level medical necessity review performed by an IRO.

- (8) Voluntary external review. The Patient Protection and Affordable Care Act (“ACA”) imposes external review requirements on group health plans, including outpatient prescription drug benefits. Under the ACA, an employee-beneficiary or dependent-beneficiary who receives a final internal adverse determination of a “Claim” for benefits under a self-insured administered plan may be permitted to further appeal that denial using the voluntary external review process. The external review process provides employee-beneficiary or dependent-beneficiary’s with another option for protesting the denial of their claim.
- (9) Standard/non-expedited Federal external review process.
 - (i) Request for review. An employee-beneficiary or dependent-beneficiary whose claim for self-insured administered benefits is denied may request, in writing, an external review of his or her claim within four (4) months after receiving notice of the final internal adverse benefit determination. The employee-beneficiary or dependent-beneficiary’s request should include their name, contact information including mailing address and daytime phone number, individual ID number, and a copy of the coverage denial. The employee-beneficiary or dependent-beneficiary’s request for external review and supporting documentation may be mailed, emailed, or faxed to the self-insured plan administrator at their address, email, or fax.
 - (ii) Preliminary review. Within five (5) days of receiving an employee-beneficiary or dependent-beneficiary’s request for external review, the self-insured plan administrator will conduct a “preliminary review” to ensure that the request qualifies for external review. In this preliminary review, the self-insured plan administrator will determine whether:
 - a) The employee-beneficiary or dependent-beneficiary is or was covered under the Fund at the time the benefit at issue was requested, or in the case of a

- retrospective review, was covered at the time the benefit was provided;
- b) The adverse benefit determination or final internal adverse benefit determination does not relate to the employee-beneficiary or dependent-beneficiary's failure to meet the Fund's requirements for eligibility (for example, worker classification or similar determinations), as such determinations are not eligible for Federal external review;
 - c) The employee-beneficiary or dependent-beneficiary has exhausted the Fund's internal appeal process (unless the employee-beneficiary or dependent-beneficiary's Claim is "deemed exhausted" under the ACA); and
 - d) The employee-beneficiary or dependent-beneficiary has provided all the information and forms necessary to process the external review.

Within one (1) day after completing this preliminary review, the self-insured plan administrator will notify the employee-beneficiary or dependent-beneficiary, in writing, that: (1) the employee-beneficiary or dependent-beneficiary's request for external review is complete, and may proceed; (2) the request is not complete, and additional information is needed (along with a list of the information needed to complete the request); or (3) the request for external review is complete, but not eligible for review.

- (iii) **Referral to IRO.** If the employee-beneficiary or dependent-beneficiary's request for external review is complete and the employee-beneficiary or dependent-beneficiary's claim is eligible for external review, the self-insured plan administrator will assign the request to one of the IROs with which the administrator has contracted. The IRO will notify the employee-beneficiary or dependent-beneficiary of its acceptance of the assignment. The employee-beneficiary or dependent-beneficiary will then have ten (10) days to provide the IRO with any additional information the employee-beneficiary or dependent-beneficiary wants the IRO to consider. The IRO will conduct its external review without giving any

consideration to any earlier determinations made on behalf of the Fund.

The IRO may consider information beyond the records for the employee-beneficiary or dependent-beneficiary's denied Claim, such as:

- a) The employee-beneficiary or dependent-beneficiary's medical records;
 - b) The attending health care professional's recommendations;
 - c) Reports from appropriate health care professionals and other documents submitted by the Fund, the employee-beneficiary or dependent-beneficiary, or the employee-beneficiary or dependent-beneficiary's treating physician;
 - d) The terms of the Fund to ensure that the IRO's decision is not contrary to the terms of the plan (unless those terms are inconsistent with applicable law);
 - e) Appropriate practice guidelines, which must include applicable evidence based standards and may include any other practice guidelines developed by the Federal government, national, or professional medicine societies, boards, and associations;
 - f) Any applicable clinical review criteria developed and used on behalf of the Fund (unless the criteria are inconsistent with the terms of the Fund or applicable law); and
 - g) The opinion of the IRO's clinical reviewer(s) after considering all information and documents applicable to the employee-beneficiary or dependent-beneficiary's request for external review, to the extent such information or documents are available and the IRO's clinical reviewer(s) considers it appropriate.
- (iv) Timing of IRO's determination. The IRO will provide the employee-beneficiary or dependent-beneficiary and the self-insured plan administrator (on behalf of the Fund) with written notice of its final external review decision within

forty-five (45) days after the IRO receives the request for external review. The IRO's notice will contain:

- a) A general description of the reason for the request for external review, including information sufficient to identify the claim (including the date or dates of service, the health care provider, the claim amount (if available), the diagnosis code and its meaning, the treatment code and its meaning, and the reasons for the previous denials);
 - b) The date the IRO received the external review assignment from the self-insured plan administrator, and the date of the IRO's decision;
 - c) References to the evidence or documentation, including specific coverage provisions and evidence-based standards, the IRO considered in making its determination;
 - d) A discussion of the principal reason(s) for the IRO's decision, including the rationale for the decision, and any evidence-based standards that were relied upon by the IRO in making its decision;
 - e) A statement that the determination is binding except to the extent that other remedies may be available under State or Federal law to either the Fund or to the individual;
 - f) A statement that the employee-beneficiary or dependent-beneficiary may still be eligible to seek judicial review of any adverse external review determination; and
 - g) Current contact information, including phone number, for any applicable office of health insurance consumer assistance or ombudsmen available to assist the employee-beneficiary or dependent-beneficiary.
- (10) Reversal of the Fund's prior decision. If the self-insured plan administrator, acting on the Fund's behalf, receives notice from the IRO that it has reversed the prior determination of the employee-beneficiary or dependent-beneficiary's claim, the self-insured plan administrator will immediately provide coverage or payment for the claim.

- (11) Expedited Federal external review process. An employee-beneficiary or dependent-beneficiary may request an expedited external review:
- (i) If the employee-beneficiary or dependent-beneficiary receives an adverse benefit determination related to a claim that involves a medical condition for which the timeframe for completion of a an expedited internal appeal would seriously jeopardize the life or health of the employee-beneficiary or dependent-beneficiary, and/or could result in the employee-beneficiary or dependent-beneficiary's failure to regain maximum function, and the employee-beneficiary or dependent-beneficiary has filed a request for an expedited internal appeal; or
 - (ii) If the employee-beneficiary or dependent-beneficiary receives a final internal adverse benefit determination related to a claim that involves: (a) a medical condition for which the timeframe for completion of a standard external review would seriously jeopardize the life or health of the employee-beneficiary or dependent-beneficiary, and/or could result in the employee-beneficiary or dependent-beneficiary's failure to regain maximum function; or (b) an admission, availability of care, continued stay, or a prescription drug benefit for which the employee-beneficiary or dependent-beneficiary has received emergency services, but has not been discharged from a facility.
- (12) Request for review. If the employee-beneficiary or dependent-beneficiary's situation meets the definition of urgent under the law, the external review of the claim will be conducted as expeditiously as possible. In that case, the employee-beneficiary or dependent-beneficiary or the employee-beneficiary or dependent-beneficiary's physician may request an expedited external review by calling the customer care toll-free at the number on their benefit ID card or contacting their benefits office. The request should include the employee-beneficiary or dependent-beneficiary's name, contact information including mailing address and daytime phone number, employee-beneficiary or dependent-beneficiary's ID number, and a description of the coverage denial.

Alternatively, a request for expedited external review may be faxed; employee-beneficiary or dependent-beneficiary contact information and coverage denial description, and supporting documentation may be faxed or emailed to the attention the self-insured plan administrator's external review appeals department. All requests for expedited review must be clearly identified as "urgent" at submission.

- (13) Preliminary review. Immediately on receipt of an employee-beneficiary or dependent-beneficiary's request for expedited external review, the self-insured plan administrator will determine whether the request meets the reviewability requirements described above for standard external review. Immediately upon completing this review, the self-insured plan administrator will notify the employee-beneficiary or dependent-beneficiary that: (i) the employee-beneficiary or dependent-beneficiary's request for external review is complete, and may proceed; (ii) the request is not complete, and additional information is needed (along with a list of the information needed to complete the request); or (iii) the request for external review is complete, but not eligible for review.
- (14) Referral to IRO. Upon determining that an employee-beneficiary or dependent-beneficiary's request is eligible for expedited external review, the self-insured plan administrator will assign an IRO to review the employee-beneficiary or dependent-beneficiary's claim. The self-insured plan administrator will provide or transmit all necessary documents and information considered in making the adverse benefit determination or final adverse benefit determination to the assigned IRO electronically, by telephone, by fax, or by any other available expeditious method. The assigned IRO, to the extent the information or documents are available and the IRO considers them appropriate, must consider the information and documents described above. In reaching a decision on an expedited request for external review, the IRO will review the employee-beneficiary or dependent-beneficiary's claim de novo and will not be bound by the decisions or conclusions reached on behalf of the Fund during the internal claims and appeals process.
- (15) Timing of the IRO's determination. The IRO must provide the employee-beneficiary or dependent-beneficiary and the self-

insured plan administrator, on behalf of the Fund, with notice of its determination as expeditiously as the employee-beneficiary or dependent-beneficiary's medical condition or circumstances require, but in no event more than seventy-two (72) hours after the IRO receives the employee-beneficiary or dependent-beneficiary's request for external review. If this notice is not provided in writing from the IRO and is provided orally, within forty-eight (48) hours after providing the oral notice, the IRO will provide the employee-beneficiary or dependent-beneficiary and the self-insured plan administrator, on behalf of the Fund, with written confirmation of its decision.

(16) Authority for review. The self-insured plan administrator will be responsible only for conducting the preliminary review of an employee-beneficiary or dependent-beneficiary's request for external review, ensuring that the individual is timely notified of the decision as to eligibility for external review, and for assigning the request for external review to an IRO. The actual external review of an employee-beneficiary or dependent-beneficiary's appeal will be conducted by the assigned independent review organization (IRO). The self-insured plan administrator is not responsible for the conduct of the external review performed by an IRO.

(e) Facility of payment. If the Fund administrator or its designee determines that an employee-beneficiary or dependent-beneficiary cannot submit a claim or prove that an employee-beneficiary or dependent-beneficiary paid any or all of the charges for health care services that are covered by the Fund because an employee-beneficiary or dependent-beneficiary is incompetent, incapacitated or in a coma, the Fund may, at its discretion, pay Fund benefits directly to the health care provider(s) who provided the health care services or supplies, or to any other individual who is providing for an employee-beneficiary or dependent-beneficiary care and support. Any such payment of Fund benefits will completely discharge the Fund's obligations to the extent of that payment. Neither the Fund, administrator, claim administrator nor any other designee of the Fund administrator will be required to see to the application of the money so paid.

(f) Discretionary authority of Fund administrator and designees. In carrying out their respective responsibilities under the Fund, the Fund administrator

or its designee, other plan fiduciaries, and the self-insured plan administrator, have full discretionary authority to interpret the terms of the plan and to determine eligibility and entitlement to Fund benefits in accordance with the terms of the Fund. Any interpretation or determination made under that discretionary authority will be given full force and effect, unless it can be shown that the interpretation or determination was arbitrary and capricious.

- (g) Elimination of conflict of interest. To ensure that the persons involved with adjudicating claims and appeals (such as claim adjudicators and medical experts) act independently and impartially, decisions related to those persons employment status (such as decisions related to hiring, compensation, promotion, termination or retention), will not be made on the basis of whether that person is likely to support a denial of benefits.

- (h) Limitation on when a lawsuit may be started. An employee-beneficiary or dependent-beneficiary or any other claimant may not start a lawsuit to obtain Fund benefits, including proceedings before administrative agencies, until after all administrative procedures have been exhausted (including this Fund's claim appeal review procedures described in this document) for every issue deemed relevant by the claimant, or until ninety (90) days have elapsed since an employee-beneficiary or dependent-beneficiary filed a request for appeal review if an employee-beneficiary or dependent-beneficiary have not received a final decision or notice that an additional sixty (60) days will be necessary to reach a final decision. No lawsuit may be started more than three years after the end of the year in which services were provided.

3.00 ELIGIBILITY FOR ENROLLMENT

- 3.01 Health Benefits
- 3.02 Group Life Insurance

3.01 Health Benefits

(a) Employee-beneficiaries. The following persons shall be eligible to enroll as employee-beneficiaries in the benefit plans offered or sponsored by the Fund:

- (1) An employee;
- (2) A retired employee;
- (3) The surviving spouse or partner of an employee who is killed in the performance of the employee's duty, provided the surviving spouse or partner does not remarry or enter into another partnership;
- (4) The unmarried child of an employee who is killed in the performance of the employee's duty, provided the child is under the limiting age, as defined in Rule 1.02 or is an adult disabled child in accordance with Rule 3.01(b)(3) and does not have a surviving parent who is eligible to be an employee-beneficiary;
- (5) The surviving spouse or partner of a deceased retired employee, provided the surviving spouse or partner does not remarry or enter into another partnership; and
- (6) The unmarried child of a deceased retired employee, provided the child is under the age of nineteen and does not have a surviving parent who is eligible to be an employee-beneficiary.

With respect to subsections (3) and (5) above, a surviving spouse or partner ceases to be an eligible employee-beneficiary once the spouse or partner remarries or enters into another partnership even though the spouse or partner may subsequently become single again as a result of an annulment, divorce, legal separation, dissolution of partnership, termination of a civil union or death. A surviving partner shall not cease to be eligible under subsections (3) or (5) because the death of the employee or retired employee prevents him or her from further meeting the requirements of parts (1), (2), (3), (6), and (8) of the definition of "domestic or civil union partner" in Rule 1.02. With respect to subsection (4), an unmarried child ceases to be eligible as of midnight of the birthday

in which the child reaches the limiting age, as defined in Rule 1.02. With respect to subsection (6), an unmarried child ceases to be eligible as of midnight of the birthday in which the child reaches the age of nineteen.

Notwithstanding any other provision in these rules to the contrary, a retired employee-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan shall not be eligible for medical or prescription drug coverage offered or sponsored by the Fund until the employee-beneficiary's Medicare Part B medical insurance plan is effective and provides satisfactory proof to the Fund of that enrollment as defined by the Fund.

An employee-beneficiary who is in Cancellation Non-Payment Status is not eligible for enrollment in Fund health benefit plans until the plan year following the cancellation. The employee-beneficiary may enroll during the Fund's open enrollment period or upon experiencing a mid-year qualifying event in a plan year following the cancellation.

(b) Dependent-beneficiaries of active employees. The following persons shall be eligible for coverage as dependent-beneficiaries in the benefit plans offered or sponsored by the Fund for active employees:

- (1) An employee-beneficiary's spouse or partner;
- (2) An employee-beneficiary's, spouse's or partner's child, provided the child is under the limiting age, as defined in Rule 1.02 for excepted and non-excepted benefits;
- (3) An employee-beneficiary's, spouse's or partner's unmarried child over the limiting age as defined in Rule 1.02 for excepted and non-excepted benefits, who is incapable of self-support because of a mental or physical incapacity that existed prior to the child reaching the age of nineteen. A child under this Rule is not required to live with the employee-beneficiary; but, ceases to be an eligible dependent-beneficiary once he/she marries or enters into a partnership even though he/she may subsequently become single again as a result of an annulment, divorce, legal separation, dissolution of partnership, termination of civil union or death; and
- (4) A child for whom an employee-beneficiary must provide health benefit coverage under the terms of a qualified medical child support order.

With respect to subsection (2) above, an unmarried child ceases to be eligible as of midnight of the child's nineteenth or twenty-fourth birthday for excepted benefits as defined in Rule 1.02, as applicable, and for non-excepted benefits, coverages are terminated at the end of the month in which the child turns twenty-six. With respect to subsections (2) and (3), the child of a spouse or partner ceases to be eligible upon a divorce, the dissolution of the domestic partnership or termination of the civil union partnership. In addition, as a condition of eligibility for any child age nineteen through twenty-three for excepted benefits as defined in Rule 1.02, the employee-beneficiary shall provide the Fund with written proof reasonably satisfactory to the Fund of the full-time student status of such child. Such written proof shall be provided at such times and in such form as the Fund may from time to time direct.

- (c) Dependent-beneficiaries of retired employees. The following persons shall be eligible for coverage as dependent-beneficiaries in the benefit plans offered or sponsored by the Fund for retired employees:
- (1) An employee-beneficiary's spouse or partner;
 - (2) An employee-beneficiary's, spouse's or partner's unmarried child, provided the child is under the limiting age, as defined in Rule 1.02, of nineteen or a full-time student and under the age of twenty-four;
 - (3) An employee-beneficiary's, spouse's or partner's unmarried child, regardless of age, who is incapable of self support because of a mental or physical incapacity that existed prior to the child reaching the age of nineteen. A child under this Rule is not required to live with the employee-beneficiary; but, ceases to be an eligible dependent-beneficiary once he/she marries or enters into a partnership even though he/she may subsequently become single again as a result of an annulment, divorce, legal separation, dissolution of partnership, termination of civil union or death; and
 - (4) A child for whom an employee-beneficiary must provide health benefit coverage under the terms of a qualified medical child support order.

With respect to subsection (2) above, an unmarried child ceases to be eligible as of midnight of the child's nineteenth or twenty-fourth birthday, as applicable. With respect to subsections (2) and (3), the child of a spouse or partner ceases to be eligible upon a divorce, the dissolution of the domestic partnership or termination of the civil union partnership. In

addition, as a condition of eligibility for any child age nineteen through twenty-three, the employee-beneficiary shall provide the Fund with written proof reasonably satisfactory to the Fund of the full-time student status of such child. Such written proof shall be provided at such times and in such form as the Fund may from time to time direct.

Notwithstanding any other provisions in these rules to the contrary, a dependent-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan shall not be eligible for medical or prescription drug coverage under any retiree benefit plan offered or sponsored by the Fund until the dependent-beneficiary's Medicare Part B medical insurance plan is effective.

3.02 Group Life Insurance

Employees and retired employees are eligible to enroll for any group life insurance plans offered or sponsored by the Fund.

4.00 ENROLLMENT PROCEDURES

- 4.01 Application for Enrollment
- 4.02 Rejection of an Enrollment Application
- 4.03 Dual or Multiple Enrollment
- 4.04 Date of Filing
- 4.05 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates
- 4.06 Notification of Changes in Personal Information
- 4.07 Verification of Eligibility
- 4.08 Regular Open and Additional Limited Enrollment Periods
- 4.09 Continuation of Coverage
- 4.10 Contribution Shortage
- 4.10.5 Contribution Refund
- 4.11 Cancellation of Enrollment; Effective Dates of Cancellation
- 4.12 Termination of Enrollment; Effective Dates of Termination
- 4.13 Reinstatement of Enrollment

4.01 Application for Enrollment

- (a) An employee-beneficiary shall file an enrollment application, in the form prescribed by the board or by the board's policy, to enroll, change or cancel an enrollment in any benefit plan offered or sponsored by the Fund. Unless otherwise provided by the board or by the board's policy, all enrollment applications shall be filed by the employee-beneficiary with: (1) in the case of an employee, the employee's employer; and (2) in all other cases, the Fund. Notwithstanding the foregoing, upon retirement and thereafter, an employee-beneficiary shall file an enrollment application to enroll or change enrollment in the benefit plans offered or sponsored by the Fund with the Fund.
- (b) With due consideration of appropriate federal or state laws, the board shall set the standards and procedures for filing such enrollment applications, including, but not limited to, the form of such enrollment applications, the information required to be provided by the employee-beneficiary on such enrollment applications, and the method for filing such enrollment applications. Enrollment applications shall include the employee-beneficiary's authorization to the state comptroller or the appropriate county director of finance to assign sufficient compensation to the Fund in

payment of all contributions due from such employee-beneficiary for enrollment or coverage in any and all Fund benefit plans.

- (c) A representative of an employee-beneficiary may file an enrollment application for the employee-beneficiary if:
 - (1) The representative has a written authorization signed by the employee-beneficiary that authorizes the representative to file such enrollment applications as provided by State and Federal law; or
 - (2) A valid court order authorizes the representative to file such enrollment applications.

4.02 Rejection of an Enrollment Application

- (a) Any enrollment application may be rejected if it is incomplete or does not contain all information required to be provided by the employee-beneficiary.
- (b) An enrollment application shall be rejected if:
 - (1) The application seeks to enroll a person who is not eligible to enroll in the benefit plan for which enrollment is requested;
 - (2) The application is not filed within the time limitations prescribed by these rules;
 - (3) The application contains an intentional misstatement or misrepresentation of a material fact or contains other information of a fraudulent nature;
 - (4) The employee-beneficiary is ineligible due to outstanding past due contributions or other amounts to the Fund, or is ineligible due to Cancellation Non-Payment Status; or
 - (5) Acceptance of the application would violate applicable federal or state law or any other provision of these rules.
- (c) Notification shall be provided to the employee-beneficiary of the rejection of any enrollment application.

4.03 Dual or Multiple Enrollment

- (a) No person may be enrolled simultaneously in any benefit plan offered or sponsored by the Fund as both an employee-beneficiary and a dependent-beneficiary, nor may children be enrolled by more than one employee-beneficiary. The Fund shall cancel such dual coverage enrollments.
- (b) Where an employee-beneficiary files more than one enrollment application, the enrollment application bearing the latest filing date shall be the one used by the Fund to process the employee-beneficiary's enrollment, provided the employee-beneficiary is eligible for such enrollment.

4.04 Date of Filing

An employee-beneficiary's enrollment application, beneficiary designation, or any other form required to be filed with the Fund shall be deemed to have been filed with the Fund on the date that the following entities, as applicable, actually receive such forms: (1) the employee's employer; (2) in the case of a retired employee, surviving spouse or partner under Rule 3.01, and unmarried child under Rule 3.01, the Fund; (3) or others, as specified by the Fund. However, if filed before the time or times prescribed in these rules, an enrollment application, or other form shall be deemed to have been filed on the date that the person would have been first eligible to file that document.

4.05 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates

Except as otherwise provided in these rules or by applicable federal or state law, the following shall apply to all applications to enroll in the benefit plans offered or sponsored by the Fund, to add or delete dependent-beneficiaries, or to change enrollments or coverages:

- (a) No enrollment of an employee-beneficiary, addition or deletion of a dependent-beneficiary, or change in an enrollment or coverage shall be effective without the filing of a properly completed enrollment application and any required proof documents within forty five (45) days of the specified event that allows the filing of the application except for the following events: (1) termination of employment for which the enrollment application must be filed within thirty (30) days of the termination of employment; (2) newborns for which the enrollment application and

required proof documents must be filed within one hundred eighty (180) days of the birth; (3) retirement, and surviving spouse, partner or child who become eligible as an employee-beneficiary under Rule 3.01 for which an enrollment application and required proof documents must be filed within sixty (60) days of the event.

- (b) An employee-beneficiary who fails to file an enrollment application and required proof documents within the time prescribed by subsection (a) above or any otherwise applicable rule shall result in the rejection of the requested enrollment changes and not be permitted to file that application until the next regular open or additional limited enrollment period.

4.06 Notification of Changes in Personal Information

Each employee-beneficiary shall immediately notify the Fund in writing of any changes in the employee-beneficiary's name or address or marital or partnership status, the birth or adoption of a child or any other changes in the family status of the employee-beneficiary, and any other material changes in the information previously filed by the employee-beneficiary as part of an enrollment application. Each notice to the Fund shall be submitted through the employee-beneficiary's employer or, if none, shall be submitted directly to the Fund.

4.07 Verification of Eligibility

The board may require periodic verification of eligibility for employee-beneficiaries and dependent-beneficiaries enrolled by an employee-beneficiary in Fund benefit plans. The board may set standards and procedures for the required verification. If verification is not provided in accordance with the standards and procedures established by the board, the employee-beneficiary or dependent-beneficiary's enrollment shall be cancelled as set forth in Rule 4.11(c).

4.08 Regular Open and Additional Limited Enrollment Periods

Except as otherwise provided by these rules, an employee-beneficiary may file an enrollment application during a regular open or additional limited enrollment period to make any one or a combination of enrollment changes that have been approved by the board for that regular open or additional limited enrollment period. The changes that the board may approve include, but are not limited to, changes from non-enrolled to enrolled status, changes between plans, changes in levels of coverage, and cancellations. All changes made shall become

effective on the date approved by the board for the regular open or additional limited enrollment period.

4.09 Continuation of Coverage

Subject to applicable federal and state law, coverage under the benefit plans offered or sponsored by the Fund shall continue:

- (a) Provided the employee-beneficiary meets the eligibility provisions of Rule 3.01 and pays the employee-beneficiary's premium contribution as provided by statute, the employer's administrative rules, or an applicable bargaining unit agreement;
- (b) While the employee-beneficiary participates in an employee strike authorized by chapter 89, Hawaii Revised Statutes, provided that nothing in this rule shall limit the right or ability of the Fund to collect premium contributions from any public employer or employee-beneficiaries or the remedies available to the Fund to collect such premium contributions.
- (c) When an employee terminates employment and is rehired by the same public employer within the same pay period or the next consecutive pay period, the employee shall be considered as having transferred employment, such as when the employee terminates employment with the state and is rehired with the state, or when the employee terminates employment with a county and is rehired by the same county. The employee shall be treated as if continuously enrolled in the Fund benefit plans in which the employee was enrolled at the time of termination and shall be required to pay the full cost of coverage to the extent that such is not paid by the employee's public employer. When an employee terminates employment and is rehired by a different public employer within the same pay period or the next consecutive pay period, such as when the employee terminates employment with the state and is hired by a county or terminates one county and is rehired by a different county, the employee shall be allowed to change between plans, including adding or dropping dependents and changing tiers. Notwithstanding the definitions of "employer" and "public employer" set forth and used in these Administrative Rules, for purposes of this section only, the different public employers are: 1) State, including executive, legislative, and judicial branches, Department of Education, University of Hawaii, Hawaii Health Systems Corporation, Office of Hawaiian Affairs, and all Charter Schools; 2) City and County of Honolulu; 3) County of Hawaii; 4) County

of Maui, and 5) County of Kauai. Changes shall become effective at the beginning of the next pay period in which the termination of employment occurred, without a break in coverage.

4.10 Contribution Shortage

A notice of contribution shortage shall be sent to an employee-beneficiary at his or her last known address if any portion of the employee-beneficiary's required semi-monthly or monthly contributions is not paid or is not withheld from the employee-beneficiary's earnings and transmitted to the Fund. The notice shall be sent within thirty days of the date on which the required semi-monthly or monthly contribution payment was due. Cancellation of the employee-beneficiary's enrollment due to any contribution shortage shall be as per Rule 4.11(b), and reinstatement of the employee-beneficiary's enrollment after any such cancellation shall be as per Rule 4.13(b).

4.10.5 Contribution Refund

The Fund may refund employee-beneficiaries or dependent-beneficiaries any amounts deemed owing, provided that at the time of the disbursement of such refunds, no refund need be made where the amount thereof is less than one dollar.

4.11 Cancellation of Enrollment; Effective Dates of Cancellation

- (a) Cancellation Due to Ineligibility. The enrollment of any ineligible person who was enrolled in error or is ineligible to enroll in or be covered in a benefit plan offered or sponsored by the Fund shall be canceled:
- (1) When the person is notified by the Fund of the error or ineligibility prior to the effective date of the enrollment, the person shall be treated as if the enrollment application was not submitted.
 - (2) When the person is notified by the Fund in writing after the effective date of the enrollment, but at least thirty (30) days in advance of the effective date of the cancellation, the enrollment may be canceled retroactively (a rescission) to the effective date if cancellation is due to Fraud or Intentional Misrepresentation of a material fact, as defined in Rule 1.02 or
 - (3) When the person is notified by the Fund in writing after the effective date of the enrollment, the enrollment will be cancelled

prospectively effective the first day of the first pay period following the date that ineligibility is determined by the Fund. Employee-beneficiaries may be liable for the employer portion of premiums paid for any ineligible person and/or any benefits that were provided as per Rule 4.12(d).

- (b) Cancellation Due to Failure to Pay Contribution Shortage. If any portion of an employee-beneficiary's required semi-monthly or monthly contributions is not paid or is not withheld from the employee-beneficiary's earnings and transmitted to the Fund within thirty (30) days of the date of the notice of contribution shortage in Rule 4.10, the employee-beneficiary's enrollment in all health benefit plans, and all dependent-beneficiaries' health benefit plans under that enrollment shall be cancelled as of the first day following the last period for which full payment of the employee-beneficiary's required semi-monthly or monthly contributions were paid and transmitted to the Fund and the employee-beneficiary will be ineligible for fund health benefits. If an employee-beneficiary is currently on a leave of absence covered under the Family Medical Leave Act (FMLA), the employee-beneficiary and dependent beneficiary(s) enrollment in all health benefit plans shall be cancelled thirty (30) days from the date of the notice of contribution shortage. The employee-beneficiary may only apply for a new enrollment as per Rule 4.13(a). However, the enrollment and eligibility for benefits of the employee-beneficiary and his or her dependent-beneficiaries may be reinstated as provided in Rule 4.13(b). Cancellation of an employee-beneficiary's enrollment pursuant to this rule shall not affect the Fund's right to collect any and all contribution shortages from the employee-beneficiary.
- (c) Cancellation Due to Failure to Comply with Rules. If an employee-beneficiary materially fails to comply with any of the Fund's rules, the employee-beneficiary's enrollment in all of the benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment may be canceled after thirty (30) days advance written notice of such has been provided to the employee-beneficiary. The board may set standards and procedures for providing notice to employee-beneficiaries under this rule. The notice shall at a minimum specify how the employee-beneficiary has failed to comply with the Fund's rules, and a date by which the employee-beneficiary must comply with the Fund's rules in order to avoid cancellation. The effective date of the cancellation shall be the date set forth in the notice as to when the employee-

beneficiary must comply with the Fund's rules in order to avoid cancellation.

- (d) Cancellation Due to Acquiring Coverage From a Non-Fund Plan. An employee-beneficiary or dependent-beneficiary may cancel enrollment in a Fund benefit plan upon acquiring coverage from a non-Fund plan or when moving to a country in which they are eligible for publicly provided healthcare or similar, by filing an enrollment application to the employee-beneficiary's employer or, if none, directly with the Fund requesting cancellation. The enrollment application must be filed with the employee-beneficiary's employer, or, if none, directly to the Fund within forty five (45) days of acquiring coverage from the non-Fund plan or moving to another country as noted above. The effective date of cancellation shall be the end of the pay period in which the employee-beneficiary or dependent-beneficiary moves to another country as noted above or acquires coverage from the non-Fund plan, except when the employee-beneficiary or dependent-beneficiary acquires coverage from the non-Fund plan on the first or the sixteenth of the month, in which case coverage ends at the end of the prior pay period.

The Fund shall determine the required proof documents.

- (e) Cancellation When Beginning a Leave of Absence Without Pay. An employee-beneficiary may voluntarily cancel enrollment in all Fund benefit plans when beginning a leave of absence without pay that is expected to last more than one month. An enrollment application must be filed with the employee-beneficiary's employer requesting cancellation of all plans within forty five (45) days of the beginning of the leave of absence without pay. The effective date of the cancellation shall be the end of the pay period during which the leave of absence without pay begins. Employee-beneficiaries who cancel coverage in accordance with this section may re-enroll in the same benefit plans upon return from the leave of absence without pay by completing an enrollment application and submitting it to the employee-beneficiary's employer within forty five (45) days of returning from the leave of absence.

4.12 Termination of Enrollment; Effective Dates of Termination

- (a) Termination Due to Change in Employment Status. An employee-beneficiary's enrollment in all benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment

shall be terminated upon the employee-beneficiary's loss of eligibility to participate in such plans due to a change in employment status. The effective date of the termination shall be the first day of the pay period following the effective date of the change in employment status, provided the termination is not retroactive. If, by virtue of an administrative error, coverage continues to be provided by the Fund, and paid for by the employee-beneficiary, the effective date of cancellation shall be the last day of the pay period following the date of issuance of a thirty (30) days written notice. Employers shall submit to the Fund the enrollment application within thirty (30) days of the change in employment status causing termination of enrollment. Employers submitting enrollment applications after thirty (30) days of the change in employment status may be responsible for 100% of the premiums, both employer and employee contributions, until such termination.

- (b) Termination Due to Filing of Fraudulent Claims. An employee-beneficiary's enrollment in all of the benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment may be terminated upon thirty (30) days advance written notice if the employee-beneficiary files fraudulent claims for benefit. A dependent-beneficiary's coverage in all of the benefit plans offered or sponsored by the Fund may be terminated if the dependent-beneficiary files fraudulent claims for coverage and/or benefits. The effective date of the termination shall be the date that the Fund determines that the employee-beneficiary or dependent-beneficiary, as applicable, has filed fraudulent claims.
- (c) Notice to the Fund. If an event occurs that makes a person ineligible for continued enrollment or coverage in the benefit plans offered or sponsored by the Fund, that person or employee-beneficiary shall notify the Fund of the event within forty five (45) days. All such notices shall be in writing and shall be sent to the Fund.
- (d) Recovery of Benefits. In all situations in which an ineligible person receives benefits under the Fund, or the employee-beneficiary or dependent-beneficiary files fraudulent claims for benefits per Rule 4.12(b), the Fund shall be entitled to seek recovery of any benefits that were provided to any person or seek recovery of the employer contributions paid for any ineligible person after an event that terminated the person's enrollment or that otherwise made that person ineligible for continued enrollment in or coverage by the benefit plans offered or

in situations in which the Fund overpays amounts to an employee-beneficiary or dependent-beneficiary, the Fund shall have the rights of offset and set-off, including without limitation, the right to recover amounts from and out of any and all future payments to the person whose enrollment was terminated, who otherwise ceased to be eligible for continued enrollment or coverage in the Fund's benefit plans or who was overpaid.

4.13 Reinstatement of Enrollment

- (a) General Rule. Unless another rule of the Fund expressly applies, an employee-beneficiary whose enrollment in any of the Fund's benefit plans has been cancelled or terminated may not apply for reinstatement in those benefit plans. The employee-beneficiary may only apply for a new enrollment during the Fund's open enrollment period or upon experiencing a mid-year qualifying event in any plan year following the cancellation. Any such new enrollment may be conditioned upon the employee-beneficiary meeting all the Fund's rules for eligibility and enrollment, curing any past deficiencies or failures that led to the employee-beneficiary's cancellation or termination, and providing adequate assurance that the employee-beneficiary will not further engage in the conduct that previously led to the employee-beneficiary's cancellation or termination. Nothing in this rule shall be deemed to require the Fund to re-enroll any employee-beneficiary whose enrollment has been previously cancelled or terminated.
- (b) Contribution Shortage Cancellation. If an employee-beneficiary's enrollment in the Fund's benefit plan or plans has been cancelled under Rule 4.11(b), the employee-beneficiary's enrollment in such benefit plan or plans may be reinstated if the employee-beneficiary makes full payment of all contributions due from the employee-beneficiary within sixty (60) days from the date of the notice of cancellation in accordance with cancellation of enrollment under Rule 4.11(b) and whose enrollment has not been cancelled under Rule 4.11(b) within twelve (12) months of the date of the notice of cancellation. The reinstatement shall be made so that the employee-beneficiary and his or her dependent-beneficiaries shall suffer no break in coverage. Employee-beneficiaries who are currently on leave of absence covered under the FMLA or Uniform Services Employment and Reemployment Rights Act (USERRA) shall be allowed to re-enroll in coverage as per Rule 5.06(c).

- (c) Reinstatement Upon Return From Lawful Strike. If an employee-beneficiary's enrollment is cancelled for non-payment during a lawful strike, the employee-beneficiary may re-enroll upon return from the lawful strike without the requirement to pay back premiums and without coverage during the non-payment period under the following conditions:
- (1) The employee-beneficiary files an enrollment application within forty five (45) days of returning from the lawful strike, and
 - (2) The employee-beneficiary and any covered dependent-beneficiaries had no covered services during the non-payment period.
 - (3) The employee-beneficiary enrolls in the same plans and at the same tier the employee-beneficiary was enrolled in prior to the lawful strike.

The effective date of coverage shall be the date the employee-beneficiary returns from the lawful strike.

5.00 HEALTH AND OTHER BENEFIT PLANS

- 5.01 Enrollment; Effective Dates of Coverage
- 5.02 Changes in Enrollment; Effective Dates of Coverage
- 5.03 Mandatory Enrollment in Medicare Part B and Medicare Part D for Retired Employees and Cancellation Due to Failure to Enroll
- 5.04 Cancellation Due to Failure to Enroll or Failure to Maintain Enrollment in Medicare; Effective Date of Cancellation
- 5.05 Termination of Enrollment; Effective Dates of Termination
- 5.06 Reinstatement of Enrollment; Effective Dates of Reinstatement
- 5.07 Reimbursement of Retired Employee-Beneficiaries and Their Dependent-Beneficiaries Who Relocate Outside of the State of Hawaii

5.01 Enrollment; Effective Dates of Coverage

- (a) New Employee. An employee-beneficiary may enroll in the health benefit plans offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when the employee-beneficiary is first eligible as an employee as defined in 87A-1, Hawaii Revised Statutes. At the option of the employee-beneficiary, the effective date of coverage shall be one of the following dates: (1) the date the employee beneficiary is first eligible; (2) the first day of the first pay period following the date the employee-beneficiary is first eligible; or (3) the first day of the second pay period following the date the employee-beneficiary is first eligible. The employee-beneficiary shall select the effective date of coverage in an enrollment application that must be filed within forty five (45) days of the date that the employee-beneficiary is first eligible. If the employee-beneficiary fails to make an effective date of coverage selection, the effective date of coverage shall be the date the employee-beneficiary is first eligible.
- (b) Loss of Coverage in a Benefit Plan Offered by the Fund. An employee-beneficiary may enroll in the health benefit plans offered or sponsored by the Fund and obtain coverage for dependent-beneficiaries when the employee-beneficiary loses coverage under the benefit plans offered or sponsored by the Fund because the employee-beneficiary's covering

enrollment was terminated or the employee-beneficiary ceased to be eligible as a dependent-beneficiary. The effective date of coverage shall be the date of the employee-beneficiary's loss of coverage if a properly completed enrollment application is filed within forty five (45) days of the loss of coverage. The employee-beneficiary may only enroll during the next open enrollment period when the enrollment application is received more than forty five (45) days after the loss of coverage.

- (c) Loss of Coverage in a Non-Fund Health Benefit Plan. An employee-beneficiary who is eligible but not enrolled, may enroll in the health benefit plans offered or sponsored by the Fund, and obtain coverage for eligible dependent-beneficiaries, when the employee-beneficiary's coverage under non-Fund health benefit plans is terminated. The effective date of coverage shall be the date of the employee-beneficiary's loss of coverage if a properly completed enrollment application is filed within forty five (45) days of the loss of coverage. The employee-beneficiary may only enroll during the next open enrollment period when the enrollment application is received more than forty five (45) days after the loss of coverage. The Fund shall determine the required proof documents.
- (d) Enrollment Due to Changes in Marital, Partnership or Family Status. An employee-beneficiary who has previously declined coverage in the health benefit plans offered or sponsored by the Fund may enroll in the Fund benefit plans when the employee-beneficiary gains a dependent through a change in marital, partnership or family status, e.g., marriage, entry into a domestic or civil union partnership, birth, adoption, guardianship, or issuance of a qualified medical child support order. At the option of the employee-beneficiary, the effective date of coverage shall be one of the following dates: (1) the date of the event; or (2) the first day of the first pay period following the date of the event; or (3) the first day of the second pay period following the event, except for a qualified medical child support order, which shall be limited to the date of the event. The date of the event shall be:
- (1) For marriages the date on the marriage certificate;
 - (2) For civil unions the date on the civil union certificate;
 - (3) For domestic partnerships the date the notary notarizes the Declaration of Domestic Partnership;
 - (4) For births the date of birth;
 - (5) For adoptions the date of the adoption;

- (6) For placement of adoption or guardianships the date of guardianship;
- (7) For placement of a foster child the date indicated on the State of Hawaii Department of Human Services Form 1564, Admission to Foster Home; and
- (8) For a qualified medical child support order, the date specified in the order, or if no date is specified, the date that the order is issued.
- (9) For dependent-beneficiary joining the employee-beneficiary's household, the date the dependent-beneficiary joins the household.

The employee-beneficiary shall select the effective date of coverage in an enrollment application that must be filed within forty five (45) days of the date of the event, except for newborns which is within one hundred eighty (180) days of the birth. If the employee-beneficiary fails to make an effective date of coverage selection, the effective date of coverage shall be the date of the event. The Fund shall determine the required proof documents.

- (e) Enrollment or Changes in Enrollment Upon Retirement. An employee-beneficiary may enroll or change coverages in the health benefit plans offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when that person becomes a retired member of the Employees' Retirement System as defined in 87A-1, Hawaii Revised Statutes. The effective date of the coverage shall be the first of the month on or after the employee-beneficiary's date of retirement provided a completed enrollment application is received by the Fund within sixty (60) days of retirement.

For disability retirement, at the option of the employee-beneficiary, the effective date of coverage shall be the first of the month on or after the employee-beneficiary's date of retirement or the 1st of the month of the date of the Employees' Retirement System disability certification letter provided that a completed enrollment application is received by the Fund within 60 days of certification from the Employees' Retirement System of a disability retirement.

Retired employee beneficiaries shall be eligible to enroll in the Fund's health benefit plans during the next open enrollment period for enrollment applications received more than sixty (60) days after the date of retirement.

- (f) Surviving Spouse, Partner, or Child of a Deceased Retiree Not Enrolled in the Fund or an Employee Who was Killed in the Performance of Duty Who Was Not Enrolled in the Fund. A surviving spouse, partner or unmarried child who is eligible as an employee-beneficiary under Rule 3.01(a) may enroll in the health benefit plans offered or sponsored by the Fund. The effective date of coverage shall be the date the retiree passed away or the date the employee was killed in the performance of duty, provided a completed enrollment application is received by the Fund within sixty (60) days of the retiree passing away or within sixty (60) days of the date the employee was killed in the performance of duty for dependents not enrolled at the time of death. Surviving spouses, partners, or unmarried children of a deceased retiree or an employee who was killed in the performance of duty shall be eligible to enroll in the Fund's health benefit plans during the next open enrollment period for enrollment applications received more than sixty (60) days after the passing away of the retiree or more than sixty (60) days after the date the employee was killed in the performance of duty.
- (g) The public employer's premium contributions and employee-beneficiary's premium contributions, if any, shall begin as of the first day of the pay period during which the employee-beneficiary's effective date of coverage occurs. The contributions shall not be prorated based on when the employee-beneficiary's coverage begins during the pay period. For example, if an employee-beneficiary's effective date of coverage occurs on any date during the first pay period of a month (first half of a month), the public employer and employee-beneficiary shall make contributions as if the employee-beneficiary had been enrolled in the applicable health benefit plans as of the first day of that first pay period. Similarly, if there is a change in contributions due to an employee-beneficiary's change in enrollment or coverage, the change in contributions shall begin as of the first day of the pay period during which the change in enrollment or coverage occurs. For example, if an employee-beneficiary changes enrollment or coverage during any date during the second pay period of a month (second half of a month), the public employer and employee-beneficiary shall make contributions as if the change in enrollment or coverage had occurred as of the first day of that second pay period.

5.02 Changes in Enrollment; Effective Dates of Coverage

- (a) Additions of Dependents Due to Changes in Marital, Partnership, Legal Guardianship, or Family Status. An employee-beneficiary may change his

or her enrollment to add coverage for dependent-beneficiaries in the Fund health benefit plans in which the employee-beneficiary is currently enrolled upon the occurrence of any of the following events: marriage, entry into a partnership, birth of a child, adoption of a child, addition of a foster child, the issuance of a qualified medical support order, or when a dependent-beneficiary joins the employee-beneficiary's household. At the option of the employee-beneficiary, the effective date of the change in enrollment shall be the date of the event or the first day of the first pay period following the date of the event or the first day of the second pay period following the event, except for a qualified medical support child support order, which shall be limited to the date of the event, provided an enrollment application is filed with the employer for active employee-beneficiaries and to the Fund for retirees within forty five (45) days of the event, except in the event of a birth of a child in which case the enrollment application shall be filed with the employer or in the case of a retired employee-beneficiary with the Fund within one hundred eighty (180) days of the birth.

- (1) With respect to the addition of a spouse or civil union partner, as well as dependent(s) of a new spouse or civil union partner, the date shall be the event date indicated on the marriage or civil union certificate.
- (2) With respect to the addition of a domestic partner, as well as the dependent(s) of a domestic partner, the event date shall be the date the notary notarizes the Declaration of Domestic Partnership.
- (3) With respect to the birth of a child, the event date shall be the birth date.
- (4) With respect to the addition of a foster child, the event date shall be the date indicated on the State of Hawaii Department of Human Services Form 1564, Admission to Foster Home.
- (5) With respect to the adoption of a child, the event date shall be the date of the adoption (which may occur up to 1 year after the child was initially placed for adoption). For placement of adoption or legal guardianship, the event date shall be the date of guardianship.
- (6) With respect to a qualified medical child support order, the event date shall be the date specified in the order, or if no date is specified, the date that the order is issued.
- (7) With respect to a dependent-beneficiary joining the employee-beneficiary's household; the date of the event shall be the date the dependent-beneficiary joined the employee-beneficiary's household if the dependent-beneficiary lived in a residence outside

of the geographic areas covered by the employee-beneficiary's present benefit plan.

The Fund shall determine the required proof documents for each of the above events.

- (b) Deletions of Dependents Due to Changes in Marital, Partnership or Family Status, or Legal Guardianship. An employee-beneficiary shall change his or her enrollment to terminate coverage of dependent-beneficiaries who cease to be eligible for continued enrollment in the Fund health benefit plans upon the occurrence of any of the following events: divorce or dissolution; annulment; legal separation; dissolution or other act ending a partnership; death of a spouse, partner or child; the end of any required coverage of a child under a qualified medical support order; a child ceases to be eligible for coverage under Rule 3.01 or a dependent covered due to legal guardianship turns the age of 18 (age of majority). The effective date of change in coverage shall be the first day of the first pay period following the occurrence of the event. Enrollment applications must be filed with the employer or in the cases of retirees to the Fund within forty five (45) days of the event. Employee-beneficiaries may be responsible for paying all claims incurred or reimbursements received or for the employer contributions paid for any ineligible person after the event date for enrollment applications filed more than forty five (45) days after the event pursuant to Rule 4.12(c).

The Fund shall determine the required proof documents.

- (c) Loss of Spouse's or Partner's Coverage. An employee-beneficiary may change enrollment to add a spouse or partner, as well as the spouse or partner's dependents, as a dependent-beneficiary in the Fund health benefit plans in which the employee-beneficiary is currently enrolled when the employee-beneficiary's spouse or partner has lost coverage in any health benefit plan due to an employment termination or other loss of eligibility. The effective date of the change in enrollment shall be the date that the employee-beneficiary's spouse or partner lost coverage in the spouse's or partner's health benefit plan, provided an enrollment application is received by the employer or in the case of a retiree by the Fund within forty five (45) days of the loss of coverage. Coverage for a spouse or partner may be added at the next open enrollment period when enrollment applications are received after forty five (45) days of the loss of coverage.

The Fund shall determine the required proof documents.

- (d) Last Child Becomes Ineligible. An employee-beneficiary may change his or her enrollment in the Fund health benefit plans in which the employee-beneficiary is currently enrolled when the last of the employee-beneficiary's children becomes ineligible for coverage as a dependent-beneficiary under the health benefit plans offered or sponsored by the Fund, e.g., when the child reaches the limiting age, as defined in Section 1.02 (unless the child is an adult disabled child under Section 3.01). An enrollment application shall be filed with the employer or in the case of a retiree with the Fund within forty five (45) days of the loss of eligibility. The effective date of the change in enrollment shall be the first day of the first pay period following the loss of eligibility.

- (e) Changes Between Plans. An employee-beneficiary may change between health benefit plans offered or sponsored by the Fund when:
 - (1) The employee-beneficiary or dependent-beneficiary moves to a residence outside of the geographic areas covered by the employee-beneficiary's present benefit plan. The effective date of the change shall be the first day of the pay period following the employee-beneficiary or dependent-beneficiary's relocation. The Fund shall determine the required proof documents.
 - (2) The employee-beneficiary is enrolled in a supplemental health benefits plan offered or sponsored by the Fund and loses primary coverage in a Non-Fund health benefits plan. The effective date of the change shall be the date that the employee-beneficiary loses coverage in the Non-Fund health benefits plan. The requirements of Rule 5.01(c) apply, except for the cancellation of the supplemental health benefits plan which will be cancelled upon notification of the loss of the primary coverage in the Non-Fund health benefits plan.
 - (3) The employee-beneficiary is enrolled in a health benefits plan sponsored by the Fund and gains coverage under a Non-Fund health benefits plan. The employee-beneficiary may enroll in a supplemental health benefit plan offered or sponsored by the Fund. The effective date of the change shall be the first day of the pay period following the cancellation of the health benefits plan sponsored by the Fund.

- (4) With respect to a qualified medical child support order, if an employee-beneficiary is enrolled in a plan whose services are limited to the State of Hawaii and whose dependent subject to the qualified medical child support order lives outside the State of Hawaii, the employee-beneficiary shall be allowed to change their plan selection to one whose services are available to the dependent.

- (f) Any change in the public employer's premium contributions and the employee-beneficiary's premium contributions, if any resulting from a change in enrollment or coverage shall begin as of the first day of the pay period in which the effective date of the employee-beneficiary's change in enrollment or coverage occurs. As in Rule 5.01(g), contributions shall not be prorated based on when the employee-beneficiary's change in enrollment or coverage occurs during the pay period.

5.03 Mandatory Enrollment in Medicare Part B and Medicare Part D for Retired Employees and Cancellation Due to Failure to Enroll

- (a) Retired employee-beneficiaries or dependent-beneficiaries of retirees shall submit proof of enrollment in the federal Medicare Part B medical insurance plan when the employee-beneficiary or dependent-beneficiary becomes eligible to enroll in the federal Medicare Part B medical insurance plan if enrolled in a medical and/or prescription drug plan. Notwithstanding Rule 4.05, the effective date of the Fund medical and/or prescription drug coverage shall be the later of the effective date of the Medicare Part B coverage or the medical and/or prescription drug coverage enrollment date, provided that proof of enrollment in Medicare Part B is submitted.

Failure to provide proof of enrollment in Medicare Part B within sixty (60) days of eligibility shall result in loss of coverage retroactive to the date of eligibility.

- (b) Employee-beneficiaries who retire and are eligible for Medicare Part B at the time of retirement and their dependent beneficiaries who are eligible for Medicare Part B at the time of the employee-beneficiary's retirement shall provide proof of enrollment in Medicare Part B at the time of retirement or within sixty (60) days of retirement. Failure to provide proof of enrollment in Medicare Part B within sixty (60) days of retirement shall result in loss of medical and prescription drug coverage retroactive to the date of retirement.

- (c) Retired employee-beneficiaries and their spouses/partners shall be reimbursed quarterly the cost of their Medicare Part B premiums, including income-adjusted Medicare Part B premiums, less penalties. Reimbursements shall be made using direct deposit.
- (1) Medicare Part B premium reimbursements shall be effective the date the Medicare Part B is effective or the first day of the month that the fund receives appropriate proof of enrollment in Medicare Part B, a valid direct deposit agreement and proof of payment to the Social Security Administration or Centers for Medicare & Medicaid Services, whichever is later.
 - (2) If a retired employee-beneficiary's direct deposit is returned by the financial institution, a notice from the Fund will be sent to the retired employee-beneficiary. The retired employee-beneficiary has sixty (60) days from the date of the notice to submit a valid direct deposit agreement to avoid a break in their reimbursement. Failure to provide a valid direct deposit agreement within sixty (60) days of the date of the notice will result in cancellation of Medicare Part B premium reimbursements retroactive to the first day of the month of the quarter that the direct deposit was returned. If the reimbursement is cancelled, the retired employee-beneficiary's Medicare Part B premium reimbursements can be reinstated when a valid direct deposit agreement is received with an effective date of the first day of the month that the valid direct deposit agreement is received.
 - (3) Retired employee-beneficiaries and/or their spouses/partners shall provide the Fund appropriate proof of an income-adjusted Medicare Part B premium. If proof is submitted to the fund more than two years after the effective date of the income-adjusted premium, the fund shall only reimburse for a two year retroactive period, subject to 5.03(c)(1).
 - (4) Each public employer shall pay to the Fund a contribution equal to the amount paid by the Fund to the retired employee-beneficiaries and their spouses/ partners.

Payment of these reimbursements shall be made only for those persons who are enrolled in the Medicare Part B medical insurance plan and pay

their Medicare Part B medical insurance premiums to the Social Security Administration or Centers for Medicare & Medicaid Services.

- (d) Retired employee-beneficiaries and dependent-beneficiaries whose coverages were cancelled due to failure to show proof of enrollment in Medicare Part B may be reinstated in the same medical and/or prescription drug plans upon proof of Medicare Part B. The effective date of coverage shall be the later of the effective date of the Medicare Part B coverage or the medical and/or prescription drug coverage enrollment date, provided that proof of enrollment in Medicare Part B is submitted.
- (e) Retired employee-beneficiaries and their dependent-beneficiaries eligible for Medicare shall be enrolled in a Fund Medicare prescription drug plan if they wish to enroll in a Fund retiree prescription drug plan. Exceptions to this Rule include employee-beneficiaries and/or dependent-beneficiaries who reside outside of the Fund's Medicare prescription plan service area.

5.04 Cancellation Due to Failure to Enroll or Failure to Maintain Enrollment in Medicare; Effective Date of Cancellation

- (a) If a retired employee-beneficiary's federal Medicare Part B medical insurance plan is not in effect when he/she is eligible to enroll, the retired employee-beneficiary's enrollment in the medical and prescription drug plans offered or sponsored by the Fund and the medical and prescription drug plan coverages for dependent-beneficiaries under that enrollment shall be cancelled.
- (b) If a retired employee-beneficiary's dependent-beneficiary's federal Medicare Part B medical insurance plan is not in effect when he/she is eligible to enroll, the dependent-beneficiary's enrollment in the medical and prescription drug plans offered or sponsored by the Fund shall be cancelled.
- (c) If a retired employee-beneficiary and/or dependent-beneficiary fails to enroll in the Fund's Medicare prescription drug plan their enrollment in the prescription drug plans offered or sponsored by the Fund shall be cancelled. Retired employee-beneficiaries and/or their dependent-beneficiaries living outside of the Fund's Medicare prescription drug plan's service area are exempt from this Rule.

- (d) The effective date of any cancellation under this rule shall be the date upon which the retired employee-beneficiary or their dependent-beneficiary, as applicable, first became eligible to enroll or ceased to be enrolled in the federal Medicare Part B medical insurance plan. The retired employee-beneficiary or their dependent-beneficiary shall be responsible for paying all claims incurred from the date the retired employee-beneficiary or their dependent-beneficiary became eligible to enroll, but did not enroll.

5.05 Termination of Enrollment; Effective Dates of Termination

- (a) Termination Due to Surviving Spouse's or Partner's Remarriage or Entry into Another Partnership. A surviving spouse's or partner's enrollment in all benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be terminated upon the surviving spouse's or partner's remarriage or entry into a another partnership. The effective date of the termination shall be the first day of the pay period following the date of the surviving spouse's or partner's remarriage or entry into another partnership. The surviving spouse or partner shall be responsible for paying all claims incurred or for the employer contributions paid from the first day of the pay period following the date of the surviving spouse's or partner's remarriage or entry into a partnership for enrollment applications received more than forty five (45) days after the remarriage or entry into a another partnership. Notwithstanding the foregoing, a child that is eligible to be an employee-beneficiary under Rules 3.01(a)(4) or Rule 3.01(a)(6) may continue his or her coverages by filing an enrollment application under Rule 5.01(f). The effective date of coverage shall be the date of termination of coverage due to the surviving spouse's or partner's remarriage or entry into a partnership.
- (b) Termination Due to Child's Loss of Eligibility. A child's enrollment in all benefit plans offered or sponsored by the Fund shall be terminated upon the occurrence of any of the following events:
 - (1) The child reaches the limiting age, as defined in Section 1.02 and does not qualify as an adult disabled child under Section 3.01; or
 - (2) The employee-beneficiary fails to complete a legal adoption of the child within twelve (12) months of the date that the child is covered by the Fund's benefit plans; or

- (3) The child no longer meets the requirements to be considered an adult disabled child as stated in Section 3.01.

With regards to subsection (1), a child that reaches the limiting age, as defined in Section 1.02, whose coverages were cancelled due to failure to show proof of student certification, may be reinstated with no break in coverage in the same benefit plans upon submission of proof documents within forty five (45) days of the birthdate.

Notwithstanding Rule 5.05 (b) (2), the enrollment of a child placed for adoption shall not be terminated if the employee-beneficiary has custody of and an obligation to support the child under a court order or agreement with a government agency or licensed child placing organization.

Unless provided otherwise by these rules or applicable federal or state law, the effective date of the termination shall be the first day of the pay period following the date of the event or, in an event under Rule 5.05 (b)(2), the date stated in a written notice to the employee-beneficiary.

5.06 Reinstatement of Enrollment; Effective Dates of Reinstatement

- (a) Reinstatement in Employment. If as a result of an order or award from a court, arbitrator or other entity with proper jurisdiction over the matter, an employee-beneficiary is found to have been wrongfully terminated or suspended and is ordered to be reinstated in state or county employment, the employee-beneficiary shall be reinstated in the same Fund benefit plans from which the employee-beneficiary's coverage was terminated. The effective date of the reinstatement shall be the date specified by the order or award. The employee-beneficiary shall pay the full cost of such coverage less any contribution paid by the employer on behalf of the employee-beneficiary as provided by statute, the employer's administrative rules, or an applicable bargaining unit agreement. If the full cost of such coverage is not paid, the employee-beneficiary shall have the option of having the reinstatement effective upon any of the following dates: (i) the employee-beneficiary's return to active duty, (ii) the first day of the first pay period following the employee-beneficiary's return to active duty, or (iii) the first day of the second pay period following the employee-beneficiary's return to active duty. The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within forty five (45) days of the date that the employee-beneficiary returns to active duty. If the employee-beneficiary fails to make a

selection, the effective date of coverage shall be the date the employee-beneficiary returns to active duty.

- (b) Return From an Authorized Leave of Absence. If an employee-beneficiary returns from an authorized leave of absence (“LOA”) during which coverage was not provided by a Fund benefit plan, the employee-beneficiary may be reinstated in the same Fund benefit plans from which coverage was cancelled if the employee-beneficiary files a properly completed enrollment application. At the option of the employee-beneficiary, the reinstatement shall be effective upon any of the following dates: (i) the employee-beneficiary’s return from the LOA provided the employee-beneficiary files an enrollment application in accordance with Rule 4.05 within forty five (45) days of his or her return from the LOA, (ii) the first day of the first pay period following the employee-beneficiary’s return from the LOA, subject to the same conditions set forth above, or (iii) the first day of the second pay period following the employee-beneficiary’s return from the LOA, subject to the same conditions set forth above. If the employee-beneficiary fails to timely file an enrollment application, the reinstatement shall be effective on the first day of the first pay period following the employee-beneficiary’s proper filing of the enrollment application.
- (c) Return From a Leave of Absence Covered by the Family Medical Leave Act (FMLA) Or Uniform Services Employment and Reemployment Rights Act (USERRA). If an employee-beneficiary returns from a leave of absence covered under the FMLA or USERRA and the employee-beneficiary’s enrollment in the Fund benefit plans was canceled during that leave of absence, the employee-beneficiary shall be reinstated in the same Fund benefit plans from which coverage was canceled. At the option of the employee-beneficiary, reinstatement shall be effective upon any of the following dates: (i) the date of the employee-beneficiary’s return to work, (ii) the first day of the first pay period following the date of the employee-beneficiary’s return to work, or (iii) the first day of the second pay period following the date of the employee-beneficiary’s return to work. The employee-beneficiary shall select the effective date of coverage in an enrollment application filed within forty five (45) days of the date that the employee-beneficiary returns to work. If the employee-beneficiary fails to make a start date selection, the effective date of coverage shall be the date of the employee-beneficiary’s return to work. If the employee-beneficiary fails to file an enrollment application within

forty five (45) days of his or her return to work the employee beneficiary shall be eligible to reenroll during the next open enrollment period.

- (d) Enrollment in Medicare by a Retired Employee. If the enrollment of an employee-beneficiary or the coverage of a dependent-beneficiary was terminated due to the employee-beneficiary's or dependent-beneficiary's failure to enroll in the federal Medicare Part B medical insurance plan, upon the employee-beneficiary's or dependent-beneficiary's enrollment in such plan and submission of a proper and complete enrollment application to the Fund, the employee-beneficiary or dependent-beneficiary shall be enrolled in or covered by the Medicare supplemental plan offered by the Fund. The coverage shall be effective on the date specified in Rule 5.03.
- (e) Enrollment in Medicare Advantage Plan by a Retired Employee. If the enrollment of a retired employee-beneficiary or their dependent-beneficiary was terminated due to failure to enroll in the Fund's Medicare Advantage plan, their coverage shall be reinstated effective the first of the month in which the Fund or their health insurance carrier receives a properly completed enrollment application.
- (f) The public employer's premium contributions and the employee-beneficiary's premium contributions, if any, shall begin as of the first day of the pay period during which the employee-beneficiary's effective date of coverage occurs. Similarly, if there is a change in contributions due to an employee-beneficiary's change in enrollment or coverage, the change in contributions shall begin as of the first day of the pay period during which the change in enrollment or coverage occurs. As in Rule 5.01(g), contributions shall not be prorated based on when the employee-beneficiary's coverage begins during the pay period or on when an employee-beneficiary's change in enrollment or coverage occurs during the pay period.

5.07 Reimbursement of Retired Employee-Beneficiaries and Their Dependent-Beneficiaries Who Relocate Outside of the State of Hawaii

- (a) Retired employee-beneficiaries and their dependent-beneficiaries of retirees who relocate outside of the State of Hawaii shall be eligible for reimbursement for premiums paid for personal medical and prescription drug plans issued by companies outside of the State of Hawaii who have also contracted with the Fund to provide medical and prescription drug plans that are only available to State of Hawaii residents.

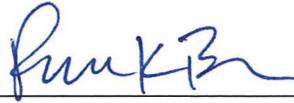


- (b) The reimbursement shall be the lesser of:
 - (1) The actual cost of the personal medical and prescription drug plan; or
 - (2) The amount of the state or county contribution for the most comparable medical and prescription drug plan offered by the Fund.

- (c) Retired employee-beneficiaries or dependent-beneficiaries shall provide the Fund appropriate proof of premiums paid. Reimbursements are paid by the Fund in arrears on a quarterly basis upon receipt of documentation that the premiums for an individual health insurance policy has been paid by the retired employee-beneficiary. If proof is submitted more than two years after the premiums were paid, the Fund shall only reimburse for a two year retroactive period.

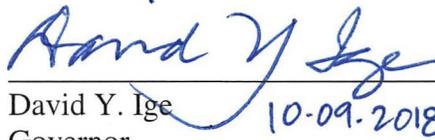
The Hawaii Employer-Union Health Benefits Trust Fund Board of Trustees Administrative Rules were adopted during a regular meeting of the Board of Trustees on February 19, 2003, which were amended and approved on May 19, 2004, August 25, 2004, September 28, 2005, March 22, 2006,

September 26, 2007, August 20, 2008, August 26, 2009, August 4, 2014, December 9, 2015, June 30, 2016, July 25, 2017, and June 26, 2018. The rules shall take effect on the first day after filing with the Lieutenant Governor's Office.



Roderick Becker, Chairperson
Hawaii Employer-Union Health
Benefits Trust Fund

APPROVED

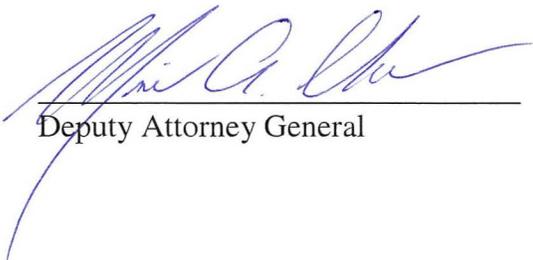


David Y. Ige
Governor
State of Hawaii

10-09-2018

Date Filed, Office of the Lieutenant
Governor

APPROVED AS TO FORM:



Deputy Attorney General

18 OCT -9 100 81.

LIEUTENANT GOVERNOR'S
OFFICE