



FOR **SMALL BUSINESS**

**California Health Benefit Exchange
(Covered California)
RFP 2015-49: Covered California for Small Business
General Agents**

June 8, 2016

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1. INTRODUCTION

1.1 Overview

You are invited to review and respond to this Request for Proposal (RFP). To submit a proposal to provide the requested services, you must comply with the instructions contained in this document as well as the requirements stated in the Scope of Work (SOW), Contractor Response Guidelines, and Attachment 2-D: Cost Worksheet. By submitting an offer, your company agrees to the terms and conditions stated in this RFP.

This is a deliverables-based contract for Covered California for Small Business (CCSB) General Agent Services only.

Read this document carefully. Responses to this RFP must be submitted to the California Health Benefit Exchange (Covered California) contact noted in Section 1.3 below.

1.2 Key Action Dates

Contractors are advised of the key dates and times shown below and are expected to adhere to them. All times noted in this document are Pacific Standard Time (PST).

KEY ACTION DATES

Request for Proposal Release Date:	June 8, 2016
Questions Due Date:	June 22, 2016 by 3:00 PM PST
Response to Questions Due Date:	June 28, 2016
Proposals Due Date:	July 11, 2016 by 3:00 PM PST
Interviews as needed:	July 19 – July 22, 2016
Notice of Intent to Award	Week of August 1, 2016
Estimated Term Dates:	September 1, 2016 through June 30, 2018

1.3 Contact

Adam Odabashian
California Health Benefit Exchange
E-mail address: HBEXSolicitation@covered.ca.gov

1601 Exposition Blvd.
Sacramento, CA 95815

Five (5) copies of the Final Proposal are due by the stated deadline to the contact at the mailing address indicated in Section 1.3.

1.4 Contract Engagement Period

The Term of this Agreement shall be for one year and renewable by mutual consent of the parties annually thereafter. At least sixty (60) days prior to the end of each one-year term, the parties shall convene to discuss areas of compensation, Service Level Agreements (SLA's) and Agreement term as potential changes to the renewed agreement. This 60-day period shall be known as the Renewal Period. During the Renewal Period, the parties may agree to extend the term of the contract for longer than one year, but may not exceed a five-year extension. The parties may also incorporate additional tasks into a renewed agreement so long as any new tasks directly relate to the Scope of Work as set forth in Section 3 of this RFP. If this Agreement is not renewed before the end of a term, the Exchange's payment obligations as outlined in Exhibit B shall discontinue upon the termination of this Agreement.

1.5 Contract Amount

The compensation for this agreement will be commission based and determined during negotiations. Covered California will consider all responses to this agreement regardless of cost.

1.6 Bidder's Questions

Bidders shall submit any questions regarding this RFP by the due date specified in the Key Action Dates table in Section 1.2. Only e-mail inquiries addressed to the contact person listed Section 1.3 will be accepted. Bidders shall provide specific information to enable the state to identify and respond to their questions. When submitting inquiries, please reference the RFP number. At its discretion, Covered California may contact an inquirer to seek clarification of any inquiry received. Bidders that fail to report a known or suspected problem with the RFP or fail to seek clarification and/or correction of the RFP, shall submit a proposal at their own risk.

1.7 Submission of Final Proposals

1. Preparation: Proposals are to be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Expensive bindings, colored displays, promotional materials, etc., are not necessary or desired. Emphasis should be concentrated on conformance to the RFP instructions, responsiveness to the RFP requirements, completeness and clarity of content.
2. Bidder's Cost: Costs for developing proposals or attending Bidder conferences are entirely the responsibility of the Bidder and shall not be chargeable to Covered California.
3. Completion of Proposals: Proposals must be complete in all respects as described in the requirements established within the RFP. A Final Proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. A Final Proposal must be rejected if any such defect or irregularity constitutes a material deviation from the RFP

requirements as determined by Covered California in its sole discretion. The Final Proposal must contain all items required in the RFP.

4. False or Misleading Statements: Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the Bidder, may be rejected. If, in the opinion of Covered California, such information was intended to mislead Covered California in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, it will be the basis for rejection of the proposal.
5. Issuance of this RFP in no way constitutes a commitment by the State of California to award a contract. Covered California reserves the right to reject any or all offers received if Covered California determines that it is in Covered California's best interest to do so. Covered California may reject any offer that is conditional or incomplete. Assumptions made by the Bidder in responding to this RFP do not obligate Covered California in any way.

Additionally, assumptions may make the offer conditional and be cause for the offer to be rejected. Responses to this RFP will be assessed based on determining the "Best Value" and the selection, if made, will be to a single Bidder. The SOW and bid will be made a part of the resulting Contract.

1.8 Format of Proposals

This RFP requires Bidder(s) to submit a final phase proposal(s) that shall contain all required Administrative and Technical Attachments and Exhibits and submitted in a sealed envelope or container when shipped to Covered California by the dates and times shown in Section 1.2 Key Dates. The sealed package must be plainly marked with the (1) RFP number and title, (2) Bidder name and address, and (3) must be marked with "DO NOT OPEN", as shown in the following example:

RFP 2015-49: Covered California for Small Business General Agents
Attention: Adam Odabashian
California Health Benefit Exchange
1601 Exposition Blvd.
Sacramento, CA 95815
DO NOT OPEN

Hardcopy proposals shall be on standard 8 ½" x 11" paper. Electronic versions shall be stored in a Covered California-designated central repository and remain the sole property of Covered California.

Bidder shall submit five (5) sets of copies for all Administrative/Technical Attachments and Exhibits in the sealed Envelope or Container. In the Bidder's best interest, one (1) set should be titled as being the "Master Copy" and the remaining four (4) as additional copies. Bidder shall also provide a CD-ROM with the appropriate Administrative and Technical Attachments and Exhibits in searchable text format (e.g., Word, searchable PDF). Each copy shall be titled and unbound including the additional copies.

Bids not submitted under sealed cover may be rejected.

1.9 Rejection of Proposals

Deviations, whether or not intentional, may cause a proposal to be non-responsive and not considered for award. Covered California may reject any or all proposals and may waive any immaterial deviation or defect in a proposal. Covered California's waiver of any immaterial deviation or defect shall in no way modify the RFP documents or excuse the Bidder from full compliance with the RFP specifications if awarded a contract. **FINAL PROPOSALS NOT RECEIVED BY THE DATE AND TIME SPECIFIED IN SECTION 1.2 KEY ACTION DATES OR NOT SEALED**, remain unopened and be maintained by the Contact listed in Section 1.3 separately from proposals that have been timely received.

Proposals received after expiration of the deadline shall not be submitted to the Evaluation Team nor considered except upon written approval of the Chief Deputy Executive Director, or his/her authorized designee, specifying the reason(s) for acceptance and consideration of the proposal(s) received after expiration of the deadline.

1.10 Errors in Final Proposals

An error in the Final Proposal may cause the rejection of that proposal; however, Covered California may, **AT ITS SOLE OPTION**, retain the proposal and make certain corrections. In determining if a correction will be made, Covered California will consider the conformance of the proposal to the format and content required by the RFP, and any unusual complexity of the format and content required by the RFP.

1. If the Bidder's intent, as determined by Covered California, is clearly established based on review of the complete Final Proposal submittal, Covered California may at its sole option correct an error based on that established intent.
2. Covered California may at its sole option correct obvious clerical errors.
3. A Bidder may modify a bid after submission by withdrawing its original bid and resubmitting a new bid prior to the bid submission deadline. Bidder modifications offered in any other manner, oral or written, will not be considered.
4. A Bidder may withdraw its bid by submitting a written withdrawal request to Covered California, signed by the Bidder or an authorized agent. A Bidder may thereafter submit a new bid prior to the bid submission deadline. Bids may not be withdrawn without cause subsequent to bid submission deadline.
5. Covered California may modify the RFP prior to the bid submission deadline by the issuance of an addendum to the website.
6. Covered California reserves the right to reject any bid that does not satisfy the requirements set forth in the RFP. Covered California is not required to award a contract. Before submitting a response to this RFP, Bidders should review, correct all errors, and confirm compliance with the RFP requirements.

7. All proposals must be based on the Model Contract provided with this solicitation (Scope of work provided in Section 3, and contract General Terms and Conditions provided in Attachment 2). Bidders must submit as part of their response any exceptions to the Model Contract that they wish to negotiate. Bidder exceptions must be documented in an attachment labeled "Proposal Contract Exceptions." All Model Contract exceptions must be included in the Bidder Proposal at the time of its submission. No additional exceptions may be presented during contract negotiations.
8. No oral understanding or contract shall be binding on either party.

1.11 Protest

A protest may be submitted according to the procedures set forth below. If a Bidder has submitted a proposal which it believes to be totally responsive to the requirements of the solicitation process and believes the Bidder should have been selected, according to Section 5.3 - Evaluation Criteria, and the Bidder believes Covered California has incorrectly selected another Bidder for the award, the Bidder may submit a protest of the selection as described below. Protests regarding selection of the "successful Bidder" will be heard and resolved by Covered California's Executive Director.

All protests must be made in writing, signed by an individual who is authorized to contractually bind the Bidder, and contain a statement of the reason(s) for protest, citing the law, rule, regulation, or procedures on which the protest is based. The protester must provide facts and evidence to support their claim. Certified or registered mail must be used unless delivered in person, in which case the protester should obtain a receipt of delivery. The final day to receive a protest is five (5) business days after Bidder selection. Protests must be mailed or delivered to:

Mailing Address:
California Health Benefit Exchange
Attn: Peter Lee, Executive Director
1601 Exposition Blvd.
Sacramento, CA 95815

1.12 Disposition of Bids

Upon bid opening, all documents submitted in response to this RFP will become the property of the State of California. Government Code Section 100508(a)(1) exempts from disclosure under the Public Records Act all deliberative processes, communications, or portions of negotiations with entities contracting or seeking to contract with Covered California and entities with which Covered California is considering a contract. Included within the exemption include, but are not limited to, score sheets and proposals submitted by Bidders for purposes and any evaluation of competing for a contract. Covered California may, at its discretion, waive this exemption.

1.13 Contract Execution and Performance

Performance shall start no later than the express date set forth in the RFP by Covered California after all approvals have been obtained and the contract is fully executed.

Should the Contractor fail to commence work at the agreed upon date and time, Covered California, upon five (5) days written notice to the Contractor, reserves the right to terminate the contract. In addition, the Contractor shall be liable to Covered California for the difference between Contractor's bid price and the actual cost of performing work by the replacement contractor.

All performance under the contract shall be completed on or before the termination date of the contract.

1.14 Subsequent Solicitation

At the Covered California's sole discretion, after the contract award has been made and the contract has been executed, if the contract is terminated with or without cause after performance has begun, Covered California may engage the next-highest-ranked Bidder without performing a subsequent solicitation.

1.15 Addition or Subtraction of Services

Notwithstanding that bids have been submitted, at Covered California's sole discretion, the scope of work may be modified to add or remove services through an addendum. If bids have been submitted at the time Covered California posts the addendum, Covered California may restrict responses to the addendum so that only those entities that have submitted bids in response to the initial RFP may respond to the addendum with the modified services.

2. MINIMUM QUALIFICATIONS

2.1 Respondent's Minimum Qualifications

The individual or entity identified in this Statement of Work must have the following skills:

1. Bidders must be appropriately licensed in California to conduct services described below, including having active license(s) issued by the California Department of Insurance (CDI).
2. Bidders must be established general agents currently doing business in the California small group market as defined under ACA rules, with a majority of their business revenue derived from group health insurance coverage.
3. Bidders must demonstrate sufficient scope and staffing to support sales distribution for either a geographic region or statewide. Regional bids should clearly define the geographic area served.
4. Consortium or collaborative bids are allowed. Covered California will consider bids from multiple general agents (e.g. smaller regional general agents) forming a statewide consortium or collaboration. Such bids should identify a primary bidder and consider their ability to form a single legal entity which allows Covered California to contract with and compensate a single entity.

2.2 Reassignment of Personnel

1. The Contractor shall not reassign personnel assigned to the contract during the term of the contract without prior written approval of Covered California. If a Contractor employee is unable to perform duties due to illness, resignation, or other factors beyond the Contractor's control, the Contractor shall make every reasonable effort to provide suitable substitute personnel.
2. Substitute personnel shall not automatically receive the hourly rate of the individual or position being replaced. Covered California and the Contractor shall negotiate the hourly rate of any substitute personnel to the contract. The hourly rate negotiated shall be dependent, in part, upon the experience and individual skills of the proposed substitute personnel. The negotiated rate cannot exceed the hourly rate stated in the contract.
3. Covered California reserves the right to request a Contractor employee be removed from performing any work on the contract and upon written notice to the Contractor, the Contractor shall assign a substitute employee.

3. SCOPE OF WORK

3.1 Background

Soon after the passage of national health care reform through the Patient Protection and Affordable Care Act of 2010 (ACA), California became the first state to enact legislation to establish a qualified health benefit exchange. The California state law is referred to as the California Patient Protection and Affordable Care Act (CA-ACA).

The goals and objectives of Covered California are to:

- a. Reduce the number of uninsured Californians by creating an organized, transparent marketplace for Californians to purchase affordable, quality health care coverage to claim available federal tax credits and cost-sharing subsidies, and to meet the personal responsibility requirements imposed under the federal act (ACA);
- b. Strengthen the health care delivery system;
- c. Serve as an active purchaser, including creating competitive processes to select participating carriers and other contractors;
- d. Require that health care service plans and health insurers issue coverage in the individual and small employers markets and compete on the basis of price, quality, and service (and not on risk selection); and
- e. Meet federal and state law requirements, guidance and regulations.

Beginning in 2014, Covered California has offered an accessible, statewide on-line marketplace that makes it easier for individuals and small businesses to compare plans and buy health insurance in the private market. The focus of Covered California will be on individuals, including those eligible for subsidies available only through Covered California, and small businesses, including those that qualify for tax credits under the Affordable Care Act (ACA). Small businesses have been served through the Covered California for Small Business program since January 1, 2014. Covered California's goal is to make affordable insurance available to all qualified individuals and to all California businesses as defined within ACA and CA-ACA legislation

Covered California is an independent public entity within California State Government. It is governed by a five member board appointed by the Governor and Legislature. Four of the members are appointed for four year terms, two by the Governor, one by the Senate Rules Committee and one by the Speaker of the Assembly. The California Secretary of Health and Human Services is a voting ex-officio member of the Board. The Board elected the California Secretary of Health and Human Services Agency as Chair, signaling its intention to actively coordinate and collaborate with existing state agencies involved in providing health coverage to Californians.

Covered California works in close partnership with the:

- a. Department of Health Care Services, which oversees and administers the California's Medicaid Program (Medi-Cal) and other specifically focused health programs;
- b. The two agencies that regulate health insurance in California, the Department of Managed Care and Department of Insurance; and

- c. A broad range of stakeholders whose constituencies will be impacted by health care reform.

The purpose of this RFP is to:

Find qualified Health Insurance General Agents who are interested in providing General Agent services to the Covered California division of Covered California for Small Business. Covered California intends to contract with selected General Agents to provide the services described in Section 3.3 of this Scope of Work. Interested parties are invited to review and respond to this RFP.

Both health plan issuers and agents recognize that General Agents currently play a significant role in the small group market. Most issuers have contractual relationships with General Agents, which aggregate benefit and rate information for multiple issuers and products and provide enrollment and sales support for the broad agent community. When agents work with a General Agent, agent compensation is paid by the health plan issuers or their representatives. General Agents are usually compensated by the health plan issuers they represent, most often based on a percentage of premium or override commission. General agents may also provide small employer benefit administration services, other value-added products and services to support agents and their small business clients. General Agents provide a convenient broad-market perspective to independent agents that might otherwise have to request proposals from several issuers and manually compile the data into a proposal. In addition to the aggregated proposal, General Agents provide agents with the product and sales training, online tools and resources needed to achieve their sales goals. Many General Agents also employ enrollment staff located throughout the state to help facilitate employer open-enrollment meetings, often in Spanish or other languages. Once enrolled, the General Agents prepare (or “scrub”) the applications for processing ensuring all required documents and signatures are provided to allow for expedient approval by the issuers. The General Agent may also provide post-sales and renewal support on behalf of the insurance agent of record.

Covered California recognizes that General Agents may be of considerable assistance in achieving its goals. As such, this RFP seeks input from General Agents on their level of interest in assisting Covered California in implementing the Covered California for Small Business program, and input into the General Agent working relationship Covered California desires to create.

Covered California reserves the right to retain the services of the organization resulting from this RFP to assist with other related activities and projects embarked upon by Covered California during the established contract period, or through a contract amendment.

Read this document carefully. Responses to this RFP must be submitted to Covered California contact noted in Section 1.3.

3.2 Reference Documents

For additional information about the Covered California and previous solicitations, please visit: <http://hbex.coveredca.com/solicitations/>

3.3 Project Tasks

The following brief Statement of Work outlines Covered California's overall expectations. Potential Bidders will be asked to develop their own, more detailed approach in response to this RFP.

General Agents (General Agent) selected to provide sales support to agents on behalf Covered California will be asked to provide, at a minimum, the following services:

- a. Contractor shall submit all applications in electronic format through the Covered California for Small Business (CCSB) eligibility and enrollment system (any paper applications received by Contractor shall be converted to electronic format for submission to CCSB);
- b. Ensure that all CCSB new business is accurately and timely submitted via the CCSBs eligibility and enrollment system and includes all information, documents and forms required by CCSB;
- c. Clean Case Submission: Ensure that all new groups being submitted are eligible for coverage, and that the information included with each new group submission supports that eligibility;
- d. Provide CCSB quotes, either on the Contractor proprietary quote engine or approved third-party quote engines;
- e. Ensure that all Authorized Representatives (i.e. General Agent staff) complete all required training and certification for the CCSB and Covered California business lines. Contractor shall also ensure staff complete training as may be required as per Covered California policies, procedures, and use of Covered California systems;
- f. Fairly and objectively promote the full array of the CCSB products for agents to sell;
- g. Recruit agents to promote enrollment in the CCSB;
- h. Train agents on the CCSB products and QHP's and provide field training and sales support to agents;
- i. Assist Certified Insurance Agents with new business submissions for CCSB;
- j. Provide Certified Insurance Agents assistance with CCSB open enrollment in the field and by telephone (multi-lingual as needed);
- k. Participate in Covered California marketing events (i.e. road shows) with Covered California.

3.4 Contract Completion Criteria

The contract resulting from this RFP will be considered complete when Covered California's Project Manager has approved and accepted all assigned contract deliverables.

3.5 Deliverable Acceptance

All concluded work must be submitted to Covered California for review and approval or rejection. It will be Covered California's sole determination as to whether any tasks have been successfully completed and are acceptable.

3.6 General Agent Roles and Responsibilities

The Contractor shall:

- a. Designate a person to whom all project communications may be addressed and who has the authority to act on all aspects of the contract for services. This person will be responsible for the overall project and will be the contact for all deliverable, invoice and General Agent activity issues.
- b. Provide written reports for review and approval by Covered California and formally respond to Covered California review findings as necessary.

3.7 Covered California's Roles and Responsibilities

Covered California shall:

- a. Designate Covered California contact person (Project Manager) to whom all Contractor communications may be addressed and who has the authority to act on all aspects of the services. This person will review the contract and associated documents with the Contractor to ensure understanding of the responsibilities of both parties.
- b. Provide access to business and technical documents as necessary for the Contractor to complete the tasks identified in this RFP.
- c. Ensure appropriate resources are available to perform assigned tasks, attend meetings, and answer questions.
- d. Ensure that decisions are made in a timely manner.
- e. Identify and provide access to Subject Matter Experts to assist with the development and deployment of technical requirements.

3.8 Project Assumptions and Constraints

- a. The Contractor's work hours must be consistent with Covered California's key staff on-site, whose normal business hours are 8:00 AM to 5:00 PM PST, Monday through Friday, except for standard holidays.
- b. Overtime rates will not be reimbursed under the contract.
- c. Travel will not be reimbursed under the contract.
- d. Any modifications to tasks within the SOW of the contract will be defined, documented, and mutually agreed upon by the Contractor and Covered California's Project Manager prior to starting work on the modified task. Amendments to the contract for tasks within the SOW are limited to an extension of time or tasks directly related to the SOW.
- e. Covered California's Project Manager reserves the right to renegotiate the services deemed necessary to meet the needs of this project according to Covered

California's priorities. Covered California and the Contractor must mutually agree to all changes. Renegotiated services outside the scope of the original contract will require contract amendment prior to commencement of work.

- f. Covered California and the Contractor are mutually obligated to keep open and regular channels of communication in order to ensure the successful execution of this contract. Both parties are responsible for communicating any potential problem or issue to Covered California's Project Manager and the Contractor's engagement manager, respectively, within 48 hours of becoming aware of the problem.

3.9 Contract Amendment

If mutually agreed upon by the State and the Contractor, this Agreement shall be amended to extend the term, adjust compensation, and include additional services within the Scope of Work as set forth in Section 1.4 and 3 of this RFP.

3.10 Multiple Contracts Awarded

Covered California may, at its discretion, award the services under this RFP to multiple General Agents to meet Covered California's needs.

3.11 Payment and Invoicing

Payment to Contractor is contingent upon Covered California's receiving funding from the Federal government and the collection of fees assessed from the Qualified Health Plans. Covered California shall bear no liability or responsibility for payment to Contractor, even for services provided and delivered, in the event payment to Covered California from the Federal government or the collection of fees assessed from the Qualified Health Plans is delayed, suspended, or terminated.

The Contractor may invoice Covered California only after the successful completion and acceptance of the contract deliverables. The Contractor may not invoice Covered California for any costs exceeding the maximum amount identified to complete a deliverable.

4. PROPOSAL RESPONSE CONTENT

Final proposal requirements are contained in the following areas that are described in detail in subsequent sections of this document:

- A. Administrative Requirements
- B. Understanding and Approach Narrative
- C. General Agent Activity Considerations
- D. Operational Information and Data Narrative
- E. Sales Statistics and Sales Projections
- F. Marketing Activities
- G. Compensation
- H. Assumptions
- I. Updated Model Contract
 - 1. Using the Exhibit A template (Attachment 2-B), include revised Exhibit A with updated Statement of Work
 - i. Understanding and Description of the Tasks to be Performed (Work Plan)
 - 2. Costs: Include revised Exhibit B, Section A, Subsection 3 with completed payment schedule. (Attachments 2-C)
 - 3. Include Exhibits C, D, and E (Attachment 2-E through G) with track changes to Terms and Conditions. Submission of these Exhibits without track changes implies an acceptance to those Terms and Conditions.

4.1 Proprietary Information and Confidential Status of Responses

Any documentation submitted which has been marked “Proprietary” or “Trade Secrets” may not be accepted. Pursuant to Evidence Code Section 1040, Covered California will consider responses to this solicitation as “official information” acquired in confidence and will not disclose the information received as a public record, unless it is already available to the public, without receiving prior written permission from the Bidder.

4.2 Final Proposal Requirements Detail

Final Proposals must contain all information required in this RFP and must conform to the format described

4.3 Administrative Requirements

Final Proposals will be assessed on a pass/fail basis to verify compliance with all Administrative Requirements.

4.3.1 *All Final Proposals must be submitted within the timelines specified in Section 1.2 of this RFP, and shall include the following Administrative Requirements in this order:*

- A. A cover letter signed by a person authorized to bind the company which also includes the company’s certification number(s) for SB and/or DVBE (if applicable).

Please include a cover letter (on company letterhead) with the following information:

- i. General Agent's company name, mailing address and telephone number;
 - ii. Name, telephone number, fax number, e-mail address, and title of a contact person;
 - iii. Title of this RFP;
 - iv. Submission date of your response; and
 - v. Signature and printed name of an individual authorized to represent the General Agent.
- B. A Certificate of Liability Insurance equal to or greater than \$1,000,000.
 - C. Proof of Workers' Compensation Liability Insurance.
 - D. A signed Payee Data Record form STD. 204
 - E. A signed Federal Debarment Certification (Attachment 1-B).
 - F. A completed certification form showing, upon award of the contract, the Bidder agrees to provide a completed Title 10, California Code of Regulations, Chapter 12, Article 1, Statement of Economic Interests (Form 700) (Attachment 1-C). For more information, see the California Health Benefit Exchange Conflict of Interest Code: <http://hbex.coveredca.com/resources/>, and the Fair Political Practices Commission site: <http://www.fppc.ca.gov/index.php?id=500/>

4.4 Technical Requirements

In addition to the Administrative Requirements, all Final Proposals must:

4.4.1 Understanding and Approach

Include a description of your understanding of the project's goals, emphasizing your understanding of the objectives and the major activities that must be performed to complete the work. Discuss your strategy for providing a draft solicitation document within the time period allocated for that task. Include your expectations of all entities outside your own team. Provide the assumptions used to develop the response (no more than 5 pages).

Covered California anticipates that selected General Agents will develop approaches and strategies to address the following issues.

- a. Strategies for supporting specific populations, including underserved populations, rural areas and start-up companies;
- b. Strategies for promoting small business retention through Covered California;
- c. Approaches to promoting and supporting agent education relative to Covered California, including working with Covered California on education to ensure agents are appropriately trained to gain certification;
- d. Approaches to providing sales and marketing support to agents in order to encourage and facilitate enrollment of small business customers through Covered California, using tools such as digital marketing, direct mail, telemarketing, webinars, or other effective strategies;
- e. Approaches to maximizing the percentage of online applications, as opposed to hard copy applications; and

- f. Approaches to supporting the sale and marketing of supplemental benefits, including dental and vision products.

4.4.2 General Agency Activity Considerations

Include a description of your understanding of two key considerations/constraints with regards to this project.

- a. First, Covered California anticipates that the Covered California for Small Business Administrative vendor will be accountable for the direct oversight of all Covered California-related work performed by selected General Agents.
- b. Second, in order to deliver affordable and competitive health coverage that is competitive with the commercial market, Covered California seeks General Agents that will accept reasonable compensation that is less than the traditional override commissions generally paid in the commercial health care marketplace.

Bidder's approach must take into consideration the challenges plan issuers will face in meeting new medical loss ratio requirements of 2014 and after. Bids based on this consideration will be favorably weighed as affordability and reasonable margins are a guiding principle for an effective and mutually beneficial Covered California partnership (see Section 6 Evaluation Criteria for more information regarding scoring).

(No more than 5 pages.)

4.4.3 Operational Information and Data

Please provide a brief description of your organization, including:

- a. Number of agents served on a consistent monthly basis,
- b. Number of field sales representatives by region served;
- c. Compensation of sales representatives, specifically focusing on new businesses and/or referrals.
- d. The role of your sales support and/or account management staff. How do they interact with your sales representatives?
- e. Identification of your quoting system and basic information regarding its functionality. Is it proprietary or third party?
- f. What resources would you require from Covered California to successfully market the Covered California for Small Business products?
- g. Your current and proposed process for "scrubbing" new case submissions to ensure that all required information is presented. Is there a Quality Control and/or performance guarantee feature to this process?

(No more than 5 pages.)

4.4.4 Sales Statistics and Sales Projections

Please include in your proposal the following sales statistics:

1. Total number of medical members (employees plus dependents) currently serviced in the California Small Group market.
2. Average new California small group medical members enrolled per month for 2012 - 2016 to date.

(No more than 2 pages.)

4.4.5 Marketing Activities

With respect to Covered California for Small Business Exchange products, provide a quarterly overview for Quarter 3 and Quarter 4 of 2016, and each quarter of 2017 and 2018, for launch events, agent sales events, and other sales or training events that you would use to create enthusiasm and growth for the Covered California for Small Business Exchange products.

(No more than 6 pages.)

4.4.6 Compensation

Covered California will establish General Agent compensation via competitive bid. Please provide your proposed % of premium compensation plan for year one of this contract (reference model contract language). In subsequent years, Covered California may consider using alternative methods of General Agent compensation, including but not limited to, per employee per month (PEPM) or per member per month (PMPM). This would be renegotiated if, at the discretion of Covered California, the term of the contact is extended.

Covered California will implement Service Level Agreements (SLAs) into an amended agreement for 2017 and beyond. Covered California will not implement SLAs during the first year of this agreement, which is why the Model Contract does not have an SLA provision. During the Renewal Period in 2017, Covered California and Contractor shall discuss the terms of SLAs and their effect on compensation as set forth in Exhibit B. SLA areas for consideration include, but are not limited to:

- a. Accuracy of initial submission received by Covered California for Small Business
- b. Auditing of processing performed by contracted General Agent.
- c. Measuring the timeliness of case submissions

SLAs will thereafter be implemented into an amended agreement upon expiration of the Renewal Period. Covered California solely reserves the right to forego implementation of SLAs if necessary. Should Contractor not agree to implement SLAs, Contractor may decline to renew the agreement for 2017.

4.4.6.1 Assumptions

Document any assumptions the General Agent is making about the SOW, the responsibilities of the General Agent and Covered California, and any other issues that are relevant to the General Agent's Offer and ability to do the work for the proposed cost. (Maximum of one page)

4.4.7 Model Contract Response

The template for the Model Contract portion of the response is contained in Attachment 2. Bidder shall propose a compensation structure in Exhibit B of the model contract. Bidder must propose a percentage of the premium compensation plan for year one as set forth in Exhibit B, Section A, Subsection 3. Bidder may propose an alternative method of compensation, including but not limited to per employee per month (PEPM) or per member per month (PMPM), in Exhibit B. This alternative method of compensation would commence on year two. If Bidder does not propose an alternative method of compensation for year two, Bidder must instead propose a commission percentage for that year. Bidder may also update the Statement of Work as set forth in Section D of Exhibit A if Bidder proposes to perform any specific tasks to enroll, renew, and retain Covered California for Small Business enrollment. All information input or changes proposed must be identified using track changes on Attachment 2.

Please be advised that the Model Contract contains the standard terms and conditions between Covered California and all Contractors. Bidder must review all terms and conditions prior to submitting a response. Covered California may consider modifications to the standard terms and conditions. Any proposed changes to these terms and conditions must be made with track changes and submitted as part of the bidder's response.

5. REVIEW OF FINAL PROPOSALS FOR AWARD/SELECTION CRITERIA

5.1 Written Responses to this RFP will be evaluated in three phases

Phase 1- Administrative Requirements. The Selection Team will review responses to the Administrative Requirements.

Phase 2 - Review of the responses to determine General Agents ability to perform the project tasks and the Scope of Work, including Understanding and Approach, Operational Information and Data, Sales Statistics, Marketing Activities, and Compensation

Phase 3 – Review of the contractor's response and revisions to the Model Contract as shown in Attachment 2

5.2 Interviews

After Phase 2, interviews may be conducted with up to three of the highest rated Bidders. The exact number of Bidders interviewed is entirely at the discretion of Covered California. The specific staff to be interviewed will be agreed upon between Covered California and the Bidder at the time the interview is scheduled.

5.3 Evaluation Criteria

Evidence of extensive previous experience in similar complex, short deadline efforts will receive significant consideration in the evaluation process, as will demonstrated experience related to the Scope of Work.

The table below lists the evaluation categories and the weights each will carry in the overall evaluation of each offer:

Criteria	Weight	Points
Administrative Requirements	0	0
Understanding and Approach	20%	200
Operational Information and Data	15%	150
Sales Statistics	25%	250
Marketing Activities	10%	100
Compensation	30%	300
Totals	100%	1000

Preference Programs if applicable	Points
Small Business	15
DVBE Participation 5% or Over	15
DVBE Participation 4% to 4.99% inclusive	12
DVBE Participation 3% to 3.99% inclusive	9
DVBE Participation 2% to 2.99% inclusive	6
DVBE Participation 1% to 1.99% inclusive	3

The highest-rated response after applying the weighted evaluation criteria described above shall be recommended for selection. If two or more of the highest-rated responses are evaluated as substantially equal after applying the weighted evaluation criteria described above, then the lowest cost response shall be recommended for selection.

Covered California Evaluation Team will evaluate Bidder proposals in the five areas of requirements:

1. Understanding and Approach
2. Operational Information and Data
3. Sales Statistics
4. Marketing Activities
5. Compensation

5.3.1.1 *Understanding and Approach*

Scoring of this factor shall be based upon the Evaluation Team's assessment of the Bidder's understanding of and insight into the challenges, issues, and risks faced by

Covered California as depicted in the Scope of Work, and the feasibility, efficiency, and expected effectiveness of the approaches offered by the Bidder to provide assistance to Covered California. Evaluators will assign scores based upon information contained in the Bidder's Understanding and Approach Narrative. The Evaluation Team will consider, in descending order of importance:

1. Quality of the Bidder's approach to addressing scope of responsibilities and activities, including how the Bidder will provide the flexibility to address issues as they arise, while maintaining a high level of quality in the approach;
2. Quality of the Bidder's approach to early identification of issues and risks, and how the approach will directly contribute to resolution and mitigation; and
3. Demonstrated understanding of the key characteristics of the project in general.

5.3.1.2 Operational Information and Data

Covered California seeks a General Agent that employs an experienced staff of sales representatives and has significant reach across the agent community. Also, the General Agent should maintain a high degree of activity and communication with agents. Further, the vendor should maintain a highly functional, proven quoting system, and have a commitment to submitting business that has been properly screened and prepared.

Scoring of this factor will be based upon the Evaluation Team's assessment of the bidder's Operational Information and Data narrative.

5.3.1.3 Sales Statistics and Projections

Covered California seeks a General Agent that will provide sales results that will meet or exceed established goals on a consistent basis.

Scoring of this factor shall be based upon the Evaluation Team's assessment of the Sales Statistics provided by the bidder. The Evaluation team shall consider past performance, as well as new ideas to make a significant sales impact.

5.3.1.4 Marketing Activities

Covered California seeks a General Agent with an aggressive marketing plan, and a history of frequent, effective marketing activities.

Scoring of this factor shall be based upon the Evaluation Team's assessment of the Marketing Activities narrative provided by the bidder. The Evaluation team shall consider past activities and visibility in the marketplace, as well as the General Agents marketing plan for the last two quarters of 2016, and full years for 2017 and 2018.

5.3.1.5 Compensation

Covered California seeks a General Agent that will accept reasonably competitive commissions compared to those paid in the commercial marketplace.

Scoring of this factor shall be based upon the Evaluation Team's assessment of the Compensation information provided by the bidder.

5.3.2 Scoring Criteria

Evaluators will assign technical points to all categories using these scoring criteria:

Rating	Relation to Requirements	Strengths	Deficiencies	Weaknesses	Likelihood of Success	Score
Excellent	Superior attainment of all requirements	Numerous and significant in key areas	None	Minor, if any	Very High	10.0
Good	Expected to meet all requirements	Some and significant in key areas	None	Minor, but are far outweighed by strengths	High	7.5
Acceptable	Capable of meeting all requirements	Some in non-key areas	Minor	Minor, but are outweighed by strengths	Fair	5.0
Marginal	May not be capable of meeting all requirements	None, or some that are outweighed by weaknesses or deficiencies	Significant	Significant	Poor	2.5
Unacceptable	Not likely to meet all requirements	None, or some that are far outweighed by weaknesses or deficiencies	Needs major revision	Needs major revision	None	0

5.4 Compensation Score

Each bidder's compensation score will be calculated based on the ratio of the lowest cost proposal to the bidder's cost for year one, multiplied by the maximum number of cost points available (300), as shown in the calculation below:

Example: To help illustrate this process, refer to table below, for an example of the cost score calculation process. **Cost figures in the example below explain the calculations and have no other significance. Please note that compensation proposals for year two will not be factored into the calculation.**

Cost Evaluation and Scoring Methodology Example

Bidder	Grand Total Cost for year one	Calculation	Cost Points Awarded
A	2.25%	$\frac{2.0}{2.25} \times 300$	267
B	2.5%	$\frac{2.0}{2.5} \times 300$	240
C	2.0%	$\frac{2.0}{2.0} \times 300$	300

$\frac{\text{Lowest Total Cost Bid}}{\text{Bidder Total Cost}} \times \text{Total cost points available}$

6. PREFERENCE PROGRAMS

6.1 Small Business (SB) Preference

This RFP does not require Bidders to meet the minimum SB participation percentage or goal. However, Bidders are encouraged to sub-contract with SBs.

1. Small Business Preferences: Bidders claiming the 5% preference must be certified by California as a small business or must commit to subcontract at least 25% of the net bid price with one or more California Certified Small Businesses (CCSB). Certification must be obtained no later than 5:00 p.m. on the bid due date.

Section 14835, et seq. of the California Government Code (GC) requires a 5% preference be given to bidders who qualify as a SB. The rules and regulations of this law, including the definition of a small business for the delivery of goods and services, are contained in California Code of Regulations (CCR's), Title 2, Section 1896, and et seq. The SB preference is for California-based Certified SB only.

To claim the CCSB preference, which may not exceed 5% for any bid, the Bidder must have its principal place of business located in California, have a complete application (including proof of annual receipts) on file with the State Office of Small Business and DVBE Services (OSDS) by 5:00 p.m. on the bid due date (see Section 1.2) and be verified by such office.

6.2 Disabled Veteran Business Enterprise (DVBE) – Declaration & Program Incentive

This RFP does not require Bidders to meet the minimum DVBE participation percentage or goal. However, a Bidder must complete and submit the **Bidder Declaration – Attachment 1-I** with its proposal package. Failure to complete and submit the required attachment as instructed may render the bid non-responsive. Pursuant to Military and Veterans Code Section 999.2, each State department has a participation goal of not less than 3% for disabled veteran business enterprises. These goals apply to the overall dollar amount expended each year by the awarding department.

6.2.1 *Commercially useful function*

Only State of California, Office of Small Business and DVBE Services (OSDS), certified DVBEs who perform a Commercially Useful Function (CUF) relevant to this solicitation may be used to satisfy the DVBE participation goal. The criteria and definition for performing a CUF are below. When responding to this RFP, Bidders will need to verify each DVBE subcontractor's certification with OSDS to ensure DVBE eligibility.

CUF Definition California Code of Regulations, Title 2, § 1896.61(l): The term "DVBE contractor, subcontractor or supplier" means any person or entity that satisfies the ownership (or management) and control requirements of §1896.61(f); is certified in accordance with §1896.70; and provides services or goods that contribute to the fulfillment of the contract requirements by performing CUF.

As defined in Military Veterans Code §999, a person or an entity is deemed to perform a "CUF" if a person or entity does **all** of the following:

1. Is responsible for the execution of a distinct element of the work of the contract.
2. Carries out the obligation by actually performing, managing, or supervising the work involved.
3. Performs work that is normal for its business services and functions.
4. Is not further subcontracting a portion of the work that is greater than that expected to be subcontracted normal industry practices.

A contractor, subcontractor, or supplier will not be considered to perform a CUF if the contractor's, subcontractor's, or supplier's role is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of DVBE participation.

Attachment 1

1-A: Proposal Checklist

1-B: Federal debarment, suspension, ineligibility and voluntary exclusion – certification

1-C: FORM 700 Statement of Economic Interest Certification

1-D: Bidder Instructions

1-E: Payee Data Record

1-F: DVBE Declaration

1-G: Bidder Declarations

Attachment 2

2-A: Standard 213

2-B: Exhibit A – Scope of Work

2-C: Exhibit B – Budget Detail and Payment Provisions

2-D: Exhibit C – General Terms and Conditions

2-E: Exhibit D – Special Terms and Conditions

2-F: Exhibit E – Additional Provisions

2-G: Exhibit F – Privacy and Security Addendum

2-H: Exhibit G – Marketing and Branding Guidelines