



SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

ADDENDUM NO. 2

Flexible Spending Account, Dependent Care Spending Account, COBRA, and AB528 Administration for Plan Year 2027 Request For Proposal

(RFPQHSS2025.B1)

October 2, 2025

REQUEST FOR PROPOSALS FOR

Flexible Spending Account, COBRA, and AB528 Administration PY2027 (RFPQHSS2025.B1)

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This Addendum is being issued to modify the requirements in the above-referenced Request for Proposals (RFP) and to respond to questions and requests for clarification received by or before October 30, 2025 at 12:00 PM (PDT) (the “Deadline for RFP Questions”).

Please review the terms of the RFP and this Addendum carefully. If there are any inconsistencies between the RFP (issued September 16, 2025) and the terms of this Addendum No. 2, then the terms of this Addendum No. 2 shall prevail.

Section references below are to the RFP and are provided for convenience of reference only.

A. Questions & Answers

- 1. We are currently reviewing the Mutual Confidentiality and Nondisclosure Agreement (MCA) and Notice of Intent to Bid documents. There are stipulations in the RFP regarding Appendix A pertaining to levels of insurance and onshoring requirements. Can you provide this information to assist with the review by our legal team?**

SFHSS Response:

Please see below Section 5.1 (Insurance) of the City's standard Professional Services Agreement stating the insurance coverages determined by the City's Risk Management division for a contract resulting from this procurement:

5.1 Insurance.

5.1.1 Required Coverages. *Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:*

*(a) **Commercial General Liability Insurance** with limits not less than **\$2,000,000** each occurrence for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations.*

*(b) **Commercial Automobile Liability Insurance** with limits not less than **\$2,000,000** each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.*

*(c) **Workers' Compensation Liability Insurance**, in statutory amounts, with Employers' Liability Limits not less than **\$1,000,000** each accident, injury, or illness.*

*(d) **Professional Liability Insurance**, applicable to Contractor's profession, with limits not less than **\$5,000,000** for each claim with respect to negligent acts, errors or omissions in connection with the Services.*

*(e) **Technology Errors and Omissions Liability Insurance**, with limits of **\$20,000,000** for each claim and each loss. The policy shall at a minimum cover professional misconduct or lack of the requisite skill required for the performance of Services defined in this Agreement and shall also provide coverage for the following risks:*

(i) *Network security liability arising from the unauthorized access to, use of, or tampering with computers or computer systems, including hacker attacks; and*

(ii) *Liability arising from the introduction of any form of malicious software including computer viruses into, or otherwise causing damage to City's or third person's computer, computer system, network, or similar computer-related property and the data, software, and programs thereon.*

(f) **Cyber and Privacy Liability Insurance** with limits of not less than **\$20,000,000** per claim. Such insurance shall include coverage for liability arising from theft, dissemination, and/or use of confidential information, including but not limited to, bank and credit card account information or personal information, such as name, address, social security numbers, protected health information or other personally identifying information, stored or transmitted in electronic form.

(g) **Reserved.**

5.1.2 Additional Insured.

(a) *The Commercial General Liability Insurance policy must include as Additional Insured the City and County of San Francisco, and its Officers, Agents, and Employees.*

(b) *The Commercial Automobile Liability Insurance policy must include as Additional Insured the City and County of San Francisco and its Officers, Agents, and Employees.*

(c) **Reserved.**

5.1.3 Waiver of Subrogation. *The Workers' Compensation Liability Insurance policy(ies) shall include a waiver of subrogation in favor of City for all work performed by the Contractor, and its employees, agents and subcontractors.*

5.1.4 Primary Insurance.

(a) *The Commercial General Liability Insurance policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.*

(b) *The Commercial Automobile Liability Insurance policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims*

arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(c) Reserved (Pollution Liability Insurance.)

5.1.5 Other Insurance Requirements.

(a) Thirty (30) days' advance written notice shall be provided to City of cancellation, intended non-renewal, or reduction in coverages, except for non-payment for which no less than ten (10) days' notice shall be provided to City. Notices shall be sent to City address set forth in Section 11.1 entitled, "Notices to the Parties."

(b) Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, be maintained for a period of three (3) years beyond the expiration of this Agreement, to the effect that, should occurrences during the Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

(c) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

(d) Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

(e) Before commencing any Services, Contractor shall furnish to City certificates of insurance including additional insured and waiver of subrogation status, as required, with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

(f) If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco and its officers, agents, and employees, and the Contractor as additional insureds and waive subrogation in favor of City, where required.

Pertaining to the City's onshoring requirements, Article 13 (Data and Security) within the Professional Services Agreement states the following in regard to a Respondent's commitment to maintaining all services onshore, including subcontractors with access to financial and/or claimant information.

13.4 Management of City Data.

13.4.1 Use of City Data. *Contractor agrees to hold City Data received from, or created or collected on behalf of, City, in strictest confidence. Contractor shall not use or disclose City Data except as permitted or required by the Agreement or as otherwise authorized in writing by City. Any work by Contractor or its authorized subcontractors using, or sharing or storage of, City Data outside the United States is prohibited, absent prior written authorization by City. Access to City Data must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. City Data shall not be distributed, repurposed or shared across other applications, environments, or business units of Contractor. Contractor is provided a limited non-exclusive license to use City Data solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to City Data, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data and/or machine learning from the data, stored or transmitted by the service, for unrelated commercial purposes, advertising or advertising-related purposes, or for any purpose that is not explicitly authorized other than security or service delivery analysis.*

Under Section 13.6 (Loss or Unauthorized Access to City's Data; Security Breach Notification), the following subsection states:

13.6.7 Data Transmission. *Contractor shall ensure that all electronic transmission or exchange of system and application data with City and/or any other parties expressly designated by City shall take place via encrypted secure means (e.g. HTTPS or SFTP or most current industry standard established by NIST). Contractor shall also ensure that all data exchanged shall be used expressly and solely for the purposes enumerated in the Agreement. Data shall not be distributed, repurposed or shared across other applications, environments, or business units of Contractor. Contractor shall ensure that no City Data of*

any kind shall be copied, modified, destroyed, deleted, transmitted, exchanged or otherwise passed to other vendors or interested parties except on a case-by-case basis as specifically agreed to in writing by City. Contractor is prohibited from accessing City Data from outside the United States except as provided for in Section 4.2.2(b)(ii) of this Agreement.

Please be advised that upon receipt of a fully executed MCA (see RFP Sec.3.1), Respondents will be provided with the Professional Services Agreement which contains all City terms and conditions.

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