



SAN FRANCISCO HEALTH SERVICE SYSTEM

Affordable, Quality Benefits & Well-Being

ADDENDUM NO. 4

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

(RFPQHSS2025.B1)

November 12, 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. 4, then the terms of this Addendum No. 4 shall prevail.

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

A. Modifications to the RFP

1. The following RFP Sections (pp.2-3) have been amended as follows:

Effective Dates of Services:

- COBRA Administrative Services: ~~No later than January July 1, 2026~~2027¹
- AB528 Administrative Services: ~~No later than January July 1, 2026~~2027¹
- Flexible Spending Account (FSA) Administrative Services: January 1, 2027

Anticipated Initial Term of Agreement: July 1, 2026 – December 31, 2031, with options to extend the agreement up to a maximum term of ten (10) years.

Implementation COBRA/AB528: March – ~~October~~December 2026 (~~No later than January July 1, 2026~~2027 go-live)

Implementation HCFSA/DCFSA: March 2026 – March 2027 (January 1, 2027 go-live)

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Schedule – Key Dates and Deadlines

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| ▪ RFP Announced | August 14, 2025 ⁴ |
| ▪ RFP Issued | September 16, 2025 |
| ▪ Deadline for Intent to Bid (Sec. 3.3) | October 3, 2025 (12:00PM PT) |
| ▪ Deadline for RFP Questions | October 30, 2025 (12:00PM PT) |
| ▪ Responses to Questions Posted ⁵ | November 14, 2025 |
| ▪ Deadline for Proposals (Sec. 3.4) | December 2, 2025 (12:00PM PT) |
| ▪ Minimum Qualifications Review | December 2 – 5, 2025 |
| ▪ Requests for Clarification | December 3 – 12, 2025 |

¹ In the event that a new vendor is selected as the highest-ranked Respondent, the incumbent vendor will provide services during Open Enrollment for Plan Year 2027 (OE2027). After OE2027 is completed, the incumbent vendor will provide any and all necessary OE2027 information to the new vendor by December 2026. The new vendor will provide services for PY2027, including, but not limited to, sending plan elections to the City's health plans and being responsible for premium remittances.

⁴ Blackout Notice through June 2026, August 14, 2025 HSB Regular Board Meeting, available at <https://sfhss.org/board-meeting/2025-08-14t200000>

⁵ Questions will be answered and posted on a rolling basis to <https://sfhss.org/RFPs>. Submitters will be notified via email at the time of posting.

▪ Notification of Oral Interviews	December 15-19, 2025
▪ Oral Interviews² (Virtual)	January 12-16, 2026
▪ Health Service Board Meeting Announcement	February – March 2026
▪ COBRA/AB528 Implementation Period	March – December 2026
○ COBRA/AB528 Go-live	<u>No later than</u> January 1, 2026 2027
▪ FSA Implementation Period	March 2026 – March 2027
○ FSA Go-Live/Transition	January 1, 2027
▪ Open Enrollment (est.)	October 2026
▪ HCFSR Rollover	December 31, 2026 → January 1, 2027

B. Questions & Answers

1. **Please confirm if you are seeking administration of CalCOBRA in addition to Federal COBRA and the AB528 programs?**

SFHSS Response:

No, Cal-COBRA is not within the scope of services for this procurement.

2. **The RFP mentions in multiple places (Secs. 2.4.2 and 2.5) the requirement to accept the City’s standard eligibility and contribution data file format and layout. Can you please provide a template for reference?**

SFHSS Response:

SFHSS has uploaded a new PDF file titled “*SFHSS Eligibility and Contribution Data File Layout*” to the respective SecureShare folder of each Respondent that has submitted an executed Mutual Confidentiality and Nondisclosure Agreement (MCA).

² Oral Interviews may be conducted in person at the SFHSS Offices located at 1145 Market Street, San Francisco, California 94103 (see Section 4.3 below).

- 3. Please describe the current workflow process for an eligible member transitioning to or enrolling into the AB528 program, including a description of the process to notify the benefits administrator and process the payment of plan premiums.**

SFHSS Response:

An employee who is eligible for AB528 Continuation Coverage (see RFP Sec. 2.2.3) will have the opportunity to elect enrollment in an eligible medical and vision plan during the course of completing and submitting the applicable retirement or termination paperwork to their employer's human resources (HR) department. The continuant may select whether to enroll just themselves or also their spouse.

The employer's HR department will then notify the San Francisco Health Service System (SFHSS) of the eligible individual's AB528 election(s) and provide the required information to facilitate the process. SFHSS will notify the AB528 Administrator to mail an AB528 Continuation Packet to the eligible individual, including information on the method to collect and/or pay their health plan premiums. For more information about their medical benefits, the individual may contact the health plan they elect to enroll in.

The AB528 Administrator will be responsible for billing the AB528 continuant and also remitting the premiums to the appropriate party (health plan, or SFHSS, as applicable).

- 4. Please share a summary of current fees that are applied to services for administering the COBRA, FSA and AB528 benefits.**

SFHSS Response:

SFHSS has uploaded a new PDF file titled "*Summary of Fees for FSA, COBRA, & AB528 Services*" to the respective SecureShare folder of each Respondent that has submitted an executed Mutual Confidentiality and Nondisclosure Agreement (MCA).

- 5. Will the City's Cybersecurity Risk Assessment (CRA) only apply if we are selected?**

SFHSS Response:

Yes, however, SFHSS requires information on each Respondent's primary point of contact for the City's CRA process as part of a Respondent's proposal. This will allow the CRA process to be initiated upon selection of the highest-ranked Respondent.³

More information on the CRA and the Citywide Cybersecurity Policy is available at <https://www.sf.gov/resource--2021--citywide-cybersecurity-policy>.

- 6. Please confirm the lines of service to be provided by the selected Respondent as a result of this procurement.**

SFHSS Response:

Per RFP Section 2.2 (In-Scope Benefits, Populations, Enrollment), SFHSS is seeking a vendor to provide benefits administration services for Healthcare Flexible Spending Accounts, Dependent Care Flexible Spending Accounts, COBRA, and CA AB528 Continuation Coverage.

- 7. Please clarify whether the processing of claims during the runout period is to be done by the incumbent administrator or the new vendor if the latter is selected as the highest ranked Respondent.**

SFHSS Response:

If the procurement results in a non-incumbent Respondent being ranked the highest and, thus, requires the transition of all services from the incumbent vendor to the highest-ranked Respondent (as referenced in RFP Sections 1.1, 2.3.1.G, and 2.8.1), SFHSS will work with the incumbent vendor and highest-ranked Respondent on the scope and timing for the transition of services, including processing claims during the carryover and runout period for PY2027.

³ Per RFP Section 4.5.3 (Contract Negotiation), in the event that SFHSS terminates negotiations with the highest-ranked Respondent and begins contract negotiations with the next highest-ranked Respondent, the CRA process will be initiated for that Respondent.

8. Does the City's Dependent Care FSA (DCFSA) plan currently allow reimbursement for a non-tax dependent's claim?

SFHSS Response:

The City's DCFSA plan allows for reimbursement of dependent care expenses for non-tax dependents only in the case of divorce when the custodial parent – that is, the parent with whom the dependent resides with most – might not be the parent claiming the dependent for tax purposes but is the custodial parent as defined by the IRS.⁴

9. The RFP and Questionnaire make mention of *ad hoc* reporting that may be requested by the City. Please provide additional information, including any expected frequency or cadence of these reports.

SFHSS Response:

Ad hoc reporting is as-needed and infrequent by definition. Based on the current agreement and history for reporting, *ad hoc* reporting has required only a limited pool of hours of varying complexity. For example, in March 2025, in support of the SFHSS resolution allowing this RFP to proceed (see RFP Section 2.1, "Current (Incumbent) Administrator" and FN 12), the incumbent vendor provided SFHSS summary supporting data from prior years, including HCFSA and DCFSA contributions for the preceding years of our agreement and a conservative estimate of tax savings to the City for those years.

10. How many firms have submitted an Intent to Bid on this respective RFP?

SFHSS Response:

SFHSS received eleven (11) signed Notice[s] of Intent to Bid as of the October 3, 2025 at 12:00 PM (PT) (RFP Section 3.3.1). However, SFHSS does not consider a signed Notice of Intent to Bid a binding commitment to submit a Proposal (RFP Section 3.4). *See also generally* RFP Section 4.5.10 (Cancellation). In each prior SFHSS benefit RFP since 2020, the number of Notices of Intent to Bid always exceeded the number of qualified Proposals received by SFHSS.

⁴ See Publication 503 (2024), Child and Dependent Care Expenses available at <https://www.irs.gov/forms-pubs/about-publication-503>.

11. Is there a preferred format for the proposal submission? Are graphics and images helpful in conveying solutions, or is a more technically inclined response preferred?

SFHSS Response:

Yes. Per RFP Sections 3.4 (Submission of Proposals) and 3.6 (Proposal Structure), Respondents are to submit the required components of their proposal via email to patrick.chang@sfgov.org and cc: william.kudenov@sfgov.org and michael.visconti@sfgov.org.

Where SFHSS requests attachments in the Questionnaire, please provide them in the requested format (if applicable) via email along with the elements required under RFP Section 3.6 (Proposal Structure).

12. Could you please supply us with Plan Documents for all coverages?

SFHSS Response:

For the health plans listed in RFP Sec. 1.2.6 (SFHSS Health Plans), all plan materials for PY2026 are available at <https://sfhss.org>. PY2026 materials can be accessed by plan using the following links:

▪ **Medical:**

- Blue Shield HMO Access Plus: <https://sfhss.org/blue-shield-california-access-hmo>
- Blue Shield Trio HMO: <https://sfhss.org/blue-shield-california-trio-hmo>
- Blue Shield PPO: <https://sfhss.org/bsc-ppo>
- Blue Shield PPO-20: <https://sfhss.org/enrollment-plan-docs-bsc-ppo-20>
- Blue Shield Medicare Advantage PPO: <https://sfhss.org/blueshield-medicare-ppo>
- Health Net Canopy Care HMO: <https://sfhss.org/plan-documents-healthnet#tab-32609>
- Kaiser Permanente Traditional plan: <https://sfhss.org/kaiser-permanente-hmo-plan-documents>
- Kaiser Permanente Senior Advantage (MAPD): <https://sfhss.org/kaiser-permanente-hmo-plan-documents>
- San Francisco Health Plan: <https://www.sfhp.org/>

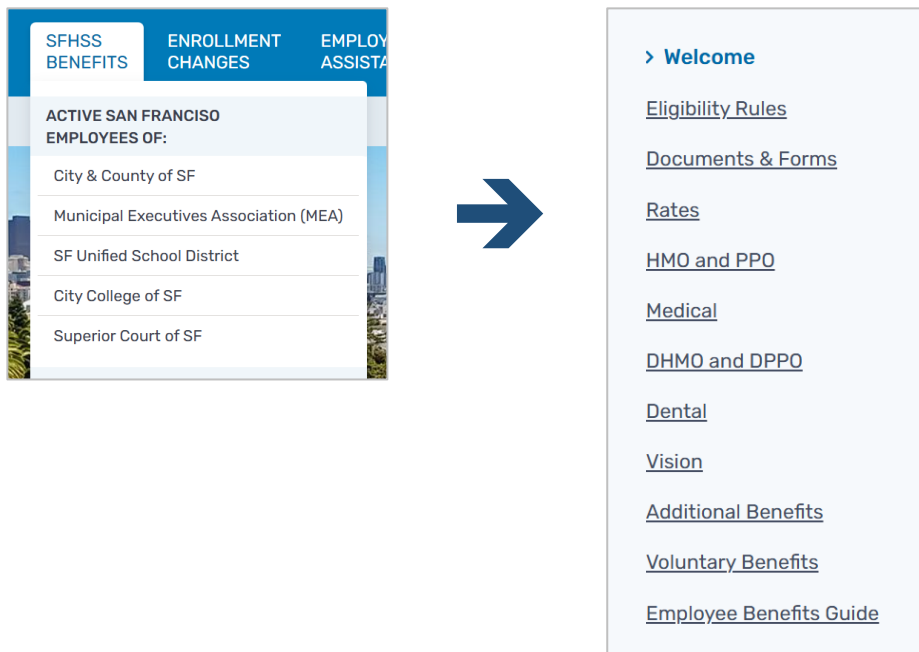
▪ **Dental**

- Delta Dental PPO: <https://sfhss.org/delta-dental-ppo>
- DeltaCare DMO: <https://sfhss.org/deltacare-usa-dhmo>
- UnitedHealthcare Dental DMHO: <https://sfhss.org/unitedhealthcare-dental-dhmo>

▪ **Vision**

- VSP Basic plan: <https://sfhss.org/vsp-vision-plans>
- VSP Premier plan: <https://sfhss.org/vsp-vision-plans>

Alternatively, by hovering over the navigation menu option "SFHSS Benefits", you may access and select the plan materials relevant to each participating employer group (see RFP Sections 1.2.1 and 1.2.5) using the left sidebar menu.



13. Is the City looking to make any enhancements to FSA/COBRA administration for the upcoming plan year, and if so, what are the desired enhancements? What about future plan years (PY2028+)?

SFHSS Response:

The City encourages recommendations and proposals from Respondents on services and features they regard as enhancements and/or value-adds to the City and its

members that are in line with current IRS rules. This may include optimization of FSA carryover thresholds, stronger run-out messaging (SMS, application, email) tied to card/claim activity to encourage and remind members to use their funds, new approaches to nondiscrimination risk testing, pre-testing and compliance strategies, improved UX and testing analytics.

- 14. Per Addendum 2, Technology Errors and Omissions Liability Insurance and Cyber and Privacy Liability Insurance are listed as having limits of \$20,000,000 for each claim and each loss. Can you confirm if this level of insurance is required for administration?**

SFHSS Response:

Insurance requirements for SFHSS procurements are set by the City Attorney in consultation with the City's Risk Management division. Any material modification to the coverage levels listed would require their approval which cannot be guaranteed by SFHSS.

If a vendor is seeking a modification to one or more insurance requirements associated with this procurement (see RFP Sec. 3.2, Minimum Qualification G) or seeks to object to any provision or legal requirement set forth in this RFP (see RFP Sec. 4.5.21), a vendor must, **at least ten (10) calendar days before the Deadline for Proposals (Section 3.4)*, provide written notice to SFHSS setting forth with specificity the grounds for the objection(s)**. The failure of a Respondent to object within the time allowed, and in the manner set forth in this paragraph, shall constitute a complete and irrevocable waiver of any such objection(s).

**12:00 PM (PT) on Friday, November 22, 2025, as the Deadline for Proposals is December 2, 2025 (12:00PM PT).*