Q1: Who is the current Records Administrator - HDI Solutions, Inc. or HealthData, Inc? Both are referenced in documents on the web site.

A: This is the same company – HDI Solutions is the current Records Administrator.

Q2: Is an RFP being issued annually, even though a 5 year contract is stated in the RFP?

A: No. It is anticipated that another RFP would not be issued until 2012.

Q3: What is the key driver for RFP issuance at this time?

A: The current contract will expire in 8/08 and it is the Treasurer's Office procedures to issue an RFP at the expiration of a contract.

Statement: Based on our analysis of PACT Plan Fees and actuarial data available, we have been able to model a simulated PACT Administration Fund balance to develop estimates of workload. We would like to refine this data in the interest of making sure our workforce and administration model is closely tailored to actual workload.

Q4: Can Treasury provide actual transaction counts or amounts collected for each fee charged by the fund on a monthly or annual basis for the last 3 years? For example, how many 'New Application Processing fees' were collected each month/annually?

The fees listed are:
Application Processing Fee $100.00
Account Maintenance Fee - Monthly Payments $ 3.00
Account Maintenance Fee - Lump Sum $ 75.00
Cancellation Fee $ 75.00
Beneficiary Substitution Fee $ 55.00
Change of Purchaser Fee $ 20.00
Processing Fee for Private or Out-of-State $ 25.00
Late Payment Fee $ 15.00
Returned Payment Fee $ 15.00
Document Replacement Fee $ 7.00
Change in Payment Plan Fee $ 20.00

A: Listed below is an average per month. Applications are processed during the enrollment period which is October through December. In 2006, there were 1200 applications received during this three month period.
Average Number of Payments Processed Monthly 5,700

Average Number of Late Fees Each Month	500
Average Number of Change of Beneficiary	15
Average Number of Change of Purchaser	10
Average Number of Cancellations	45
Average Number of NSFs	5

Q5: If possible to provide: Does Treasury have an Administrative expense ratio target for the overall fund. If so, can it be provided?

A: We do not have an expense ratio target. However, the administrative expenses are approximately .5% of the fund.

Q6: If possible to provide: are the specific RFP Administration expenses paid to the Records Administrator included under 'Professional Services' on page 6 of the 2006 Financial Statements & Independent Auditors report? (Document is located here: http://www.treasury.alabama.gov/Content/Documents/2006%20Short%20Report.pdf)

A: Yes. The total annual payment for Records Administration was $651,949.

Q7: If possible to provide: Related to Question 4, what % of the figure ($3,359,631) are specifically for Records Administration vs. Investment Manager income if those fees are included?

A: There is no specific % for Records Administration – Records Administration charges are typically based on the number of accounts and services provided. However, this is approximately 19% of the professional expenses paid last year.

The following is the current pricing structure for Records Administration:

$1.00 per active account (there are approximately 53,350 active accounts). Active Accounts are defined as:
1. Opened accounts from the application entry date until the month of May ten (10) years following the start of matriculation in the month of May.
2. Cancelled accounts will remain active for twelve (12) months following cancellation.
3. Graduated account will remain active thru the month of June of the following year after graduation for tax purposes.

Q8. Please provide PACT volumes for the last 12 months with totals by month for the following items:

a. Incoming calls
b. Incoming correspondence
c. Outgoing correspondence

A:

In Coming Calls

September 2006	100 (9/13/06-9/30/06)
October 2006	200
November 2006	200
December 2006	200
January 2007	290
February 2007	314
March 2007	335
April 2007	312
May 2007	593
June 2007	302
July 2007	318
August 2007	371
September 2007	81 (up to 9/12/07)
Total =	3,616

Incoming correspondence

September 2006	457 (9/13/06-9/30/06)
October 2006	828
November 2006	756
December 2006	889
January 2007	1,208
February 2007	3,619
March 2007	1,921
April 2007	1,172
May 2007	1,517
June 2007	826
July 2007	1,182
August 2007	916
September 2007	396 (up to 09/12)
Total =	15,687

Outgoing mail

September 2006	1,523
October 2006	1,460
November 2006	1,654
December 2006	3,648
January 2007	69,693

February 2007	3,307
March 2007	5,153
April 2007	5,109
May 2007	2,104
June 2007	17,166
July 2007	17,115
August 2007	1,652
September 2007	578(up to 09/12)
Total =	130,162

Q9: Please provide the number of PACT plans that are projected to reach maturity and enter school within the proposed term of the contract (5 years). Please provide a total count for each year.

A:

2008 –3,842
2009 – 3,797
2010 – 3,604
2011 – 3,406
2012 – 3,271
Currently Eligible – 17,721

Q10: Please provide the number of new accounts enrolled for each enrollment period for the last 5 years.

A:

2002 – 3,371
2003 – 2,266
2004 – 1,584
2005 – 1,190
2006 – 1,219

Q11: The 'Submission Deadline' section on page 5 of the RFP indicates that the "response may be e-mailed by the submission deadline with the paper documents delivered within two business days." We understand this to mean that the full proposal must be received by PACT via e-mail by 5 pm CST on Monday, October 1 and that the one original and 2 paper copies must be received by PACT by 5 pm CST on Wednesday, October 3rd. Please confirm if our understanding is correct or clarify.

a. If our understanding is correct, what is the destination e-mail address for receipt of electronic submission?

A: Your understanding is correct, Brenda.Emfinger@treasury.alabama.gov

b. Will electronic submission receive a confirmation of receipt similar to a signed receipt in an overnight delivery?

A: Yes

c. Is there an e-mail file size limitation at PACT for electronic receipt of submission?

A: No attachments should be submitted by email; only specific answers to the RFP questions. Emails are subject to quarantine by the Department of Finance, Information Systems Division, and this often occurs with large file emails. There is a possibility that the email will not be received timely.

Q12: Under Exhibit A, Section B (PACT Enrollment/Application Processing), Item 1 asks that the respondent establish and maintain a toll-free telephone and fax number to handle public/purchaser inquiries." Is it PACT's intent to transfer ownership of the current PACT
800# to the respondent for management and payment of the toll-free line under both Option A and Option B?

A: Under Option A, - Yes (this would be a joint effort between PACT and the Respondent.)
Under Option B, the 800 number would be handled by PACT.

Q13: Does PACT have current scanning or document imaging capabilities in-house at the PACT office? Would the respondent be required to provide scanning hardware under Option B?

A: No

Q14: Can you further specify the breakdown between paper applications vs. internet applications for each enrollment period?

A: 924 paper; 353 online

Q15: Due to the size and complexity of the proposal document, it would not be practical to provide the response in the body of an e-mail. This being the case, can the RFP response be e-mailed as one or more PDF attachments (typically, these are not quarantined)?

A: Yes, but we cannot make a "test" run for you. It would be best to make sure the proposal is mailed in time to be received by the deadline.

Q16: On Option B, "turn-key" customized database software system, are both hardware and software to be included?

A: Hardware is not required but can be included.

Q17: On Option B, what level of hardware redundancy is required, if any?

A: A level that insures that no information is compromised.

Q18: On Item 7 of Page 8, please describe how one-year and four-year contracts must be handled differently and any complexities involved.

A: PACT must be able to distinguish between the two types of contracts by looking at the account number and statistics will be needed for each. An edit must be in place to use the one-year contracts in the order in which they were processed and these must be linked. An edit must be in place to make sure that no more than 1 four-year contract or 4 one-year contracts are purchased for the same child – edits will need to be in place so that "Change of Beneficiaries" are included in the equation. Programming for 1099's for one-year contracts will have to be modified to account for usage from more than one contract. Naturally, the one-year contracts will require a set up with the specified payments and benefits.

Q19: On Item 2 on Page 20, is "operational support" to also be included (see reference on Page 2)? If so, what is envisoned?

A: Yes, operational support would be required. This would include assistance with "systems" problems, training and software failures.