



State of Rhode Island
Department of Administration / Division of Purchases
One Capitol Hill, Providence, Rhode Island 02908-5855
Tel: (401) 574-8100 Fax: (401) 574-8387

May 22, 2015

ADDENDUM # 1

RFP#: 7549552

Title: Employee Benefits Consulting Services

Bid Closing Date & Time: June 4, 2015 at 10:00 AM (Eastern Time)

Notice to Vendors: Attention All Bidders

ATTACHED ARE VENDOR QUESTIONS WITH STATE RESPONSES. NO FURTHER QUESTIONS WILL BE ANSWERED.

David J. Francis
Interdepartmental Project Manager

Interested parties should monitor this website, on a regular basis, for any additional information that may be posted.

Vendor Questions for RFP 7549552 Employee Benefits Consulting Services

Question 1: Who is the current consultant?

Answer to question 1: AON Hewitt (Hewitt Associates)

Question 2: What is the total annual budget amount or contract fee for the scope of services requested in the RFP?

Answer to question 2: Not Available

Question 3: Is this RFP due to contract expiration, state law or regulation, or vendor dissatisfaction?

Answer to question 3: Contract Expiration

Question 4: Why is the State putting this work out to bid via an RFP process?

Answer to question 4: Contract Expiration

Question 5: Who currently provides the State with employee benefits consulting services?

Answer to question 5: AON Hewitt

Question 6: How long has the current consultant been providing this service?

Answer to question 6: Since 7/1/09

Question 7: Does the current consultant provide the same scope of services that are included in this RFP? If no, what was added/changed?

Answer to question 7: Yes, however this is an “on-call” arrangement and the services needed in the future may be different than those required in the past.

Question 8: Are the current services provided via a fixed fee arrangement, or on a time-and-expense basis?

Answer to question 8: Fixed Fee

Question 9: If the services are provided via a fixed fee arrangement, please provide the most recent fee arrangement.

Answer to question 9: The most recent fixed fee arrangement is for assisting with designing alternative plan options for \$30,000.

Question 10: If the services are provided via a time-and-expense basis, please provide the hourly rates and total fees charged to the State for the last fiscal year for employee benefits consulting services.

Answer to question 10: N/A

Question 11: Does the State’s current service provider collect commissions or any other contingent payments from any carriers/vendors on any of their clients?

Answer to question 11: Not that the State is aware of.

Question 12: If commissions or other contingent payments are currently being paid, how much was paid to the current provider of these services during the most recent annual reporting period available?

Answer to question 12: See Response to #11

Question 13: Does the State have a payment preference? (flat fee, commissions, etc.)

Answer to question 13: Flat Fee

Question 14: What were the fees paid for the “in scope” and “out of scope” items for 2012, 2013 and 2014?

Answer to question 14: Please refer to the State of Rhode Island Open Government Transparency website for information for all fees paid to the current consultant.

Question 15: Has the State had any performance issues with the current carriers/vendors?

Answer to question 15: No

Question 16: Approximately how many meetings per year has the attendance of the consultant been requested?

Answer to question 16: 4-6 over the past year; a combination of on-site meetings and teleconferences.

Question 17: Traditionally, has the attendance of the consultant been requested during the open enrollment period?

Answer to question 17: No

Question 18: Can the State provide a copy of the deliverables produced in the last fiscal year for employee benefits consulting services?

Answer to question 18: Cannot be provided

Question 19: Are we able to include supplemental documents (appendix) to support each section?

Answer to question 19: Yes

Question 20: Can we provide the required insurance certificates upon notice of award, or should it be submitted with bid?

Answer to question 20: At the time of tentative award, the successful candidate will be required to furnish the appropriate insurance certificates.

Question 21: What is the time frame for making a final decision?

Answer to question 21: 30 - 60 days after bids are received.

Question 22: Will there be an interview process for finalists?

Answer to question 22: There may be if needed

Question 23: Please provide the contract for the incumbent consultant. If there is no incumbent consultant, please provide the last consulting contract the State had for the same services.

Answer to question 23: See attachment.

Question 24: What is the total compensation (commissions vs. fees) received by the incumbent under the current contract for each of the last three (3) years (2012, 2013, 2014), or previous consultant, if there is no incumbent?

Answer to question 24: No commissions, only fees. Please refer to the State of Rhode Island Open Government Transparency website for information.

Question 25: Outside of medical, please provide copies of your current benefits, costs, funding rates/premiums and employee contributions by coverage tier.

Answer to question 25: Please refer to the State of Rhode Island Office of Employee Benefits website for information

Question 26: Please provide open enrollment materials.

Answer to question 26: Please refer to the State of Rhode Island Office of Employee Benefits website for information.

Question 27: What type of Open Enrollment support does the current consultant provide, including attending all meetings, assisting with materials, etc?

Answer to question 27: The current consultant does not provide Open Enrollment support.

Question 28: The RFP indicates that the State's contract with Delta Dental expires on 12/31/2015. Is it the State intent to have the successful bidder conduct a dental carrier RFP for a 1/1/2016 effective date?

Answer to question 28: Yes.

Question 29: How many RFPs are expected for voluntary benefits (item 10e in the scope of services), and what are the expiration dates of those vendor contracts?

Answer to question 29: 2-3 RFPs over the course of FY 15 and FY16.

Question 30: Confirm that GASB 45 OPEB valuations are not included in the scope of services.

Answer to question 30: This not included in the scope of services.

Question 31: Please provide the number of actives/dependents.

Answer to question 31: Current enrollment in medical coverage is 12,773 active employees (with dependents 31,792)

Question 32: Why has the State issued this RFP?

Answer to question 32: Expiration of the current contract.

Question 33: Is the Scope of Service included in this RFP the same as the Scope of Services provided under the current contract?

Answer to question 33: Yes, however this is an “on-call” arrangement and the services needed in the future may be different than those required in the past.

Question 34: How do employees & retirees enroll and make benefit elections? Does the State utilize any external resources, systems or vendors?

Answer to question 34: State employee and pre-65 retirees make benefit elections through the Office of Employee Benefits. Medicare eligible retirees make benefit elections through the vendor, One Exchange.

Question 35: Please provide copies of the most recent report(s), including renewal reports from all vendors, budget projections, rate developments, reserves for the self-funded plan(s), RFP and bid analysis for the medical and pharmacy benefits.

Answer to question 35: OEB This will not be provided

Question 36: What data will be made available to the consultant? What would be the timing for receiving the information? What are the data sources?

Answer to question 36: The consultant will be provided with the data necessary to perform the task within a mutually agreed upon time frame. The data sources may vary based on the assignment and could include the State's carriers (United Healthcare, CVS, VSP, Delta Dental, etc.).

Question 37: How many on-site meetings does the State anticipate the consultant will attend throughout the plan year?

Answer to question 37: As an example, over the past year the consultant has attended 4-6 meetings; a combination of on-site meetings and teleconferences.

Question 38: When is the legislative session and when should we expect most of the new legislation? Does the consultant currently attend any legislative sessions/meetings?

Answer to question 38: The session runs from the beginning of January through late June. New legislation must be introduced by the middle of February. The consultant would need to attend legislative sessions if there was pending legislation that has a significant impact on employee and/or retiree benefits



RI Purchase Agreement Amendment Report

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ONE CAPITOL HILL
PROVIDENCE RI 02908

HEWITT ASSOCIATES LLC
PROSPECT PLACE
230 THIRD AVE
WALTHAM, MA 02451
United States

Amendment Date: 17-JUN-14
Original Award Date: 11-AUG-09
Buyer: D'Francis
Phone #:
FOB: Destination
Terms: NET 30
Vendor # 14420

S H I P T O	DOA PERSONNEL ADMINISTRATION ONE CAPITOL HILL, 3RD FLOOR SMITH ST PROVIDENCE, RI 02908 United States	Change Order Number 4 Award Number 3151676 Effective Period 01-JUL-09 - 30-JUN-15	I N V O I C E	DOA CONTROLLER ONE CAPITOL HILL, 4TH FLOOR SMITH ST PROVIDENCE, RI 02908 United States
	EMPLOYEE BENEFITS CONSULTING SERVICES (DOA)			

Description		Bid Number	Change Order Req#		
EMPLOYEE BENEFITS CONSULTING SERVICES (DOA)			14068 JDP		
Line #	Code	Class-Item	Quantity	Unit	Unit Price
		CHANGE TO PO # 3151676 DATED 8/11/2009 CHANGE EFFECTIVE DATE FROM: 7/1/09-6/30/14 TO: 7/1/09-6/30/15 EXTEND TO ALLOW TIME FOR AGENCY TO REBID THE WORK. AGENCY CONTACT: JANICE PELLETTIER, 401-222-6388			

NOTICE

STATE PURCHASING AGENT
Lorraine A. Hynes
Lorraine A. Hynes

This Notice of Award/Purchase Order is issued in accordance with the specific requirements described herein and the State's Purchasing Regulations and General Conditions of Purchase, copies of which are available at www.purchasing.state.ri.gov. Delivery of goods or services as described herein shall be deemed acceptance of these requirements



Notice of Blanket Purchase Agreement

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
ONE CAPITOL HILL
PROVIDENCE RI 02908

HEWITT ASSOCIATES LLC
PROSPECT PLACE
230 THIRD AVE
WALTHAM, MA 02451
United States

EMPLOYEE BENEFITS CONSULTING SERVICES (DOA)

Award Number: 3151676
Effective Period: 01-JUL-09 - 30-JUN-14

S H I P P I N G	DOA PERSONNEL ADMINISTRATION ONE CAPITOL HILL, 3RD FLOOR SMITH ST. PROVIDENCE, RI 02908 United States	Date: 11-AUG-09 Buyer: J Moynihan Shipping: Paid Terms: NET 30 Vendor #: 14420	I N V O I C E	DOA CONTROLLER ONE CAPITOL HILL, 4TH FLOOR SMITH ST PROVIDENCE, RI 02908 United States

Department	Type of Requisition	Bid Number	Requisition Number	
DOA		7173877 MA	1119459	
Line	Item	Item Description	Unit	Unit Price

		7/1/09 - 6/30/14		
1.		APA-8126 - 7/1/09-6/30/14 - EMPLOYEE BENEFITS CONSULTING SERVICES IN ACCORDANCE WITH THE PROVISIONS OF RFP #7173877; THE ATTACHED MASTER CONSULTING AGREEMENT BETWEEN THE STATE OF RHODE ISLAND AND HEWITT ASSOCIATES, LLC EFFECTIVE 7/1/09; AND THE ATTACHED SCHEDULE A DATED JUNE 1, 2009, WHICH IS INCORPORATED HEREIN AND MADE A PART OF THE MASTER CONSULTING AGREEMENT. THIS AGREEMENT MAY BE TERMINATED IN ACCORDANCE WITH THE PROVISIONS OF THE MASTER CONSULTING AGREEMENT, PAGES 2 AND 3, 3. TERM AND TERMINATION. AGENCY CONTACT PERSON: SUSAN RODRIGUEZ - (401) 222-3454 SUPPLIER TELEPHONE # (781) 891-8600	Each	1

STATE PURCHASING AGENT

Louis A. DeQuattro

This Notice of Award/Purchase Order is issued in accordance with the specific requirements described herein and the State's Purchasing Regulations and General Conditions of Purchase, copies of which are available at www.purchasing.ri.gov. Delivery of goods or services as described herein shall be deemed acceptance of these requirements.

PURCHASES

CONTRACT TERMS AND CONDITIONS

Contract Terms and Conditions

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Terms and Conditions**PURCHASE ORDER STANDARD TERMS AND CONDITIONS****TERMS AND CONDITIONS FOR THIS PURCHASE ORDER****INSURANCE REQUIREMENTS (ADDITIONAL)**

ANNUAL RENEWAL INSURANCE CERTIFICATES FOR WORKERS' COMPENSATION, PUBLIC LIABILITY, PROPERTY DAMAGE INSURANCE, AUTO INSURANCE, PROFESSIONAL LIABILITY INSURANCE (AKA ERRORS & OMISSIONS), BUILDER'S RISK INSURANCE, SCHOOL BUSING AUTO LIABILITY, ENVIRONMENTAL IMPAIRMENT (AKA POLLUTION CONTROL), VESSEL OPERATION (MARINE OR AIRCRAFT) PROTECTION & INDEMNITY, ETC., MUST BE SUBMITTED TO THE SPECIFIC AGENCY IDENTIFIED IN THE "BILL TO" SECTION OF THE PURCHASE ORDER. CERTIFICATES ARE ANNUALLY DUE PRIOR TO THE BEGINNING OF ANY CONTRACT PERIOD BEYOND THE INITIAL TWELVE-MONTH PERIOD OF A CONTRACT. FAILURE TO PROVIDE ANNUAL INSURANCE CERTIFICATION MAY BE GROUNDS FOR CANCELLATION.

MULTI YEAR AWARD

THIS IS A MULTI-YEAR BID/CONTRACT. PER RHODE ISLAND STATE LAW 37-2-33, CONTRACT OBLIGATIONS BEYOND THE CURRENT FISCAL YEAR ARE SUBJECT TO AVAILABILITY OF FUNDS. CONTINUATION OF THE CONTRACT BEYOND THE INITIAL FISCAL YEAR WILL BE AT THE DISCRETION OF THE STATE. TERMINATION MAY BE EFFECTED BY THE STATE BASED UPON DETERMINING FACTORS SUCH AS UNSATISFACTORY PERFORMANCE OR THE DETERMINATION BY THE STATE TO DISCONTINUE THE GOODS/SERVICES, OR TO REVISE THE SCOPE AND NEED FOR THE TYPE OF GOODS/SERVICES; ALSO MANAGEMENT OWNER DETERMINATIONS THAT MAY PRECLUDE THE NEED FOR GOODS/SERVICES.

PURCHASE AGREEMENT AWARD

THIS IS A NOTICE OF AWARD, NOT AN ORDER. Any quantity reference in the agreement or in the bid preceding it are estimates only and do not represent a commitment on the part of the state to any level of billing activity, other than for quantities or volumes specifically released during the term. No action is to be taken except as specifically authorized, as described herein under AUTHORIZATION AND RELEASE. ENTIRE AGREEMENT - This NOTICE OF AWARD, with all attachments, and any release(s) against it shall be subject to: (1) the specifications, terms and conditions set forth in the Request/Bid Number cited herein, (2) the General Terms and Conditions of Contracts for the State of Rhode Island and (3) all provisions of, and the Rules and Regulations promulgated pursuant to, Title 37, Chapter 2 of the General Laws of the State of Rhode Island. This NOTICE shall constitute the entire agreement between the State of Rhode Island and the Vendor. No assignment of rights or responsibility will be permitted except with the express written permission of the State Purchasing Agent or his designee. CANCELLATION, TERMINATION and EXTENSION - This Price Agreement shall automatically terminate as of the date(s) described under CONTRACT PERIOD unless this Price Agreement is altered by formal amendment by the State Purchasing Agent or his designee upon mutual agreement between the State and the Vendor.

AUTHORIZATION AND RELEASE

In no event shall the Vendor deliver goods or provide service until such time as a duly authorized release document is certified by the ordering Agency. A Direct Purchase Order (DPO) shall be created by the agency listing the items ordered, using the pricing and format set forth in the Master Blanket. All pricing

shall be as described in the Master Blanket and is considered to be fixed and firm for the term of the Agreement, unless specifically noted to the contrary herein. All prices include prepaid freight. Freight, taxes, surcharges, or other additional charges will not be honored unless reflected in Master Blanket.

BLANKET PAYMENT

DELIVERY OF GOODS OR SERVICES AS REQUESTED BY AGENCY. PAYMENTS WILL BE AUTHORIZED UPON SUBMISSION OF PROPERLY RENDERED INVOICES NO MORE THAN MONTHLY TO THE RECEIVING AGENCY. ANY UNUSED BALANCE AT END OF BLANKET PERIOD IS AUTOMATICALLY CANCELLED.

EQUAL OPPORTUNITY COMPLIANCE

THIS PURCHASE ORDER IS AWARDED SUBJECT TO EQUAL OPPORTUNITY COMPLIANCE.

REIMBURSEMENT RATE

COMPENSATION TYPE - REIMBURSEMENT. RATE OF REIMBURSEMENT SET AT \$1 FOR EACH \$1 OF ALLOWABLE EXPENSES.

CAMPAIGN FINANCE COMPLIANCE

EVERY PERSON OR BUSINESS ENTITY PROVIDING GOODS OR SERVICES AT A COST OF \$5000 CUMULATED VALUE IS REQUIRED TO FILE AN AFFIDAVIT REGARDING POLITICAL CAMPAIGN CONTRIBUTIONS WITH THE RI STATE BOARD OF ELECTIONS EVEN IF NO REPORTABLE CAMPAIGN CONTRIBUTIONS HAVE BEEN MADE. (RI GENERAL LAW 17-27) FORMS OBTAINED AT BOARD OF ELECTIONS, CAMPAIGN FINANCE DIVISION, 50 BRANCH AVENUE PROVIDENCE 02904 (401-222-2056).

TERMS AND CONDITIONS OF PRICING AGREEMENT

SCOPE AND LIMITATIONS - This Agreement covers requirements as described herein, ordered by State agencies during the Agreement Period. No additional or alternative requirements are covered, unless added to the Agreement by formal amendment by the State Purchasing Agent or his designee.

Under State Purchasing Law, 37-2-54, no purchase or contract shall be binding on the state or any agency thereof unless approved by the department [of administration] or made under general regulations which the chief purchasing officer may prescribe. Under State Purchasing Regulation 8.2.1.1.2, any alleged oral agreement or arrangements made by a bidder or contractor with any agency or an employee of the Office of Purchases may be disregarded and shall not be binding on the state.

PRODUCT ACCEPTANCE - All merchandise offered or otherwise provided shall be new, of prime manufacture, and of first quality unless otherwise specified by the State. The State reserves the right to reject all nonconforming goods, and to cause their return for credit or replacement, at the State's option.

- a) Failure by the state to discover latent defect(s) or concealed damage or non-conformance shall not foreclose the State's right to subsequently reject the goods in question.
- b) Formal or informal acceptance by the State of non-conforming goods shall not constitute a precedent for successive receipts or procurements.

Where the vendor fails to cure the defect promptly or replace the goods, the State reserves the right to cancel the Release, contract with a different vendor, and to invoice the original vendor for any differential in price over the original contract price.

ORDER AUTHORIZATION AND RELEASE AGAINST PRICING AGREEMENT

In no event shall the Vendor deliver goods or provide service until such time as a duly authorized release document is certified by the ordering Agency.

State Agencies shall request release as follows: All releases shall reference the Price Agreement number, the Contract Issue number, the item(s) covered, and the unit pricing in the same format as described herein.

A Department Purchase Order (DPO) listing the items ordered shall be created by the agency. The agency may mail or fax a copy of the order to the Vendor. In some cases the agency may request delivery by telephone, but must provide the Vendor with a DPO Order Number reference for billing purposes. Vendors are encouraged to require written orders to assure payments are processed accurately and promptly.

DELIVERY - If this is an MPA, Vendor will obtain "ship to" information from each participating agency. This information will be contained in the DPO. APA delivery information will be contained in the Notice of Award.

PRICING - All pricing shall be as described herein, and is considered to be fixed and firm for the term of the Agreement, unless specifically noted to the contrary herein. All prices include prepaid freight. Freight, taxes, surcharges, or other additional charges will not be honored unless reflected herein.

INVOICING - All invoices shall reference the DPO Order Number(s), Price Agreement number, the Contract Issue number, the item(s) covered, and the unit pricing in the same format as described herein. If this is an MPA, Vendor will obtain "bill to" information from each participating agency. This information will be contained in the DPO. APA billing information will be contained in the Notice of Award.

PAYMENT - Invoices for items not received, not priced according to contract or for work not yet performed will not be honored. No payment will be processed to any vendor for whom there is no IRS W-9 on file with the State Controller.

Master Consulting Agreement

This Master Consulting Agreement, including the General Terms and Conditions and any Schedules attached hereto or incorporated by reference, (collectively, the "Agreement"), effective the 1st day of July, 2009 ("Effective Date"), sets forth the terms and conditions related to the provision of consulting services to the State of Rhode Island and its affiliates ("Client") by Hewitt Associates LLC and its affiliates ("Hewitt").

This Agreement will cover all services provided by Hewitt to Client ("Services"), except those certain services covered by a separate agreement signed between the parties. The General Terms and Conditions of this Agreement may be amended only by a writing signed by the parties. Terms related to specific Services and the fees associated therewith may be added by Schedules or other communication between the parties. Each email, proposal letter, attachment to this Agreement or other writing mutually agreed upon between the parties that contains a description of Services constitutes a "Schedule" to this Agreement.

Any notices which may be required under this Agreement shall be considered as having been given if faxed with follow-up original mailed by U.S. First Class mail, addressed as follows:

If to Client:

Department of Administration
State of Rhode Island
One Capitol Hill
Providence, RI 02908
Attn: Susan Rodriguez
Facsimile: 401-222-2964

If to Hewitt:

Hewitt Associates LLC
100 Half Day Road
Lincolnshire, IL 60069
Attn.: General Counsel
Facsimile: 847-554-1462

IN WITNESS WHEREOF, authorized representatives of the parties have executed this Master Consulting Agreement:

State of Rhode Island

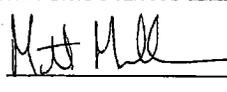
By: 

Name: STEPHEN E. JOHNSTON

Title: EXECUTIVE DIRECTOR

Date: 7/24/09

Hewitt Associates LLC

By: 

Name: Matt Miller

Title: Authorized Representative

Date: 7-23-09

General Terms and Conditions

1. Fees and Expenses

- (a) Fees for Services shall be charged in accordance with the appropriate Schedules or with another mutually agreeable writing detailing the Services or, if no Schedule or other writing applies, with Hewitt's then current standard practice.
- (b) Payment terms by The State shall be governed by the provisions as set forth under Chapter 42 11.1 of the Rhode Island General Laws entitled *Prompt Payment by the Department of Administration*.
- (c) Client shall pay all reasonable travel and related living expenses incurred by Hewitt's personnel in performing Services for Client. Client shall also pay Hewitt a miscellaneous expense amount, currently five percent (5%) of time charges, to cover miscellaneous Client-related expenses such as long distance telephone charges, facsimile charges, copying charges, postage, and internal computer inquiries. If Client requests that Hewitt pay outside suppliers on Client's behalf, a ten percent (10%) administrative service charge will be added to the amount paid by Hewitt.
- (d) Client shall pay any and all taxes, however designated, that are based on this Agreement or on the charges set forth in any Schedule, except for taxes based on the net income of Hewitt or employment taxes for Hewitt personnel.

2. Additional Services and/or Change in Services

Client may, at any time, request additions and/or changes to the Services. Such additions and/or changes, including any fees or fee adjustments related to such additions and/or changes, shall be confirmed between the parties and may be documented with a Schedule, an amended Schedule, or other mutually agreeable writing.

3. Term and Termination

- (a) This Agreement shall commence on the Effective Date set forth above and shall continue until June 30, 2012, or until terminated by either party as provided in Section 3(b). Twice, Client may extend the Agreement for a one year option period. For purposes of this Agreement, "Year" means the twelve (12) month period commencing on the Effective Date set forth above and each anniversary thereafter. Services under a particular Schedule shall commence as of the date indicated on the Schedule and shall continue for the period stated in such Schedule or until terminated by either party as provided in Section 3(b) or Section 3(c).
- (b) This Agreement shall terminate under any of the following circumstances:
 - i. By mutual written agreement of Client and Hewitt.
 - ii. After the initial twelve (12) months of the Agreement period, either party gives the other party at least six (6) months prior written notice.
 - iii. By Client, or by Hewitt, in whole or in part, whenever one has failed to satisfactorily perform its contracted material duties and responsibilities and is unable to cure such failure within thirty (30) days after receipt of a notice specifying that material breach.
 - iv. By Client, in whole or in part, whenever funding from State, Federal, or other sources is withdrawn, reduced, or limited, with at least thirty (30) days prior written notice.
 - v. By Client, in whole or in part, whenever Client reasonably determines, based on adequate documentation, that the instability of Hewitt's financial condition threatens delivery of covered services and continued performance of Hewitt's responsibilities.
 - vi. The term of the contract is complete.

- (c) Upon delivery by certified or registered mail to Hewitt of a Notice of Termination specifying the nature of the termination and the date upon which such termination becomes effective, Hewitt shall:
 - i. Stop work under this Agreement on the date and to the extent specified in the Notice of Termination.
 - ii. With the approval of The State, settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, the cost of which would be reimbursable in whole or in part, in accordance with the provision of this Agreement.
 - iii. Complete the performance of such part of the work not terminated by the Notice of Termination.
- (d) Upon the effective date of termination, Client will pay Hewitt for all fees and expenses due hereunder in connection with the terminated Services through the effective date of termination including any Service implementation fees and any mutually agreed upon transition assistance extending beyond such termination.
- (e) Completion or termination of any Schedule or Service under this Agreement shall not constitute termination of this Agreement, it being the intent of both parties to leave this Agreement in effect until terminated as specified herein. Each Schedule shall terminate upon the earlier of its termination date or the termination date of this Agreement, provided however, if the term of a Schedule extends beyond the termination date of this Agreement, the applicable terms of this Agreement shall extend automatically for such Schedule until such Schedule's termination or expiration date.

4. Delays

Neither party will be in breach of this Agreement or any Schedule as a result of, nor will either party be liable to the other party for, liabilities, damages, or other losses arising out of delays in performance caused by acts of God, government authority, strike or labor disputes, fires or other loss of facilities, breaches of contract by suppliers or others, telephone system, or Internet service provider or other utility outages, equipment malfunctions, computer downtime, and similar occurrences as long as such party is diligently attempting to correct the cause of the delay. During any such delay in performance, the delayed party will implement reasonable work-around plans, computer system disaster recovery, alternate sources, or other commercially reasonable means to facilitate the performance of its obligations under this Agreement until the delay has ended or failure has been corrected.

5. Ownership and Control of Data and Work Product

- (a) "Client Information" is defined as all information, data, and materials (in whatever form or media) provided to Hewitt under this Agreement by or on behalf of Client. Client represents that the uses of the Client Information contemplated in this Agreement will not infringe the intellectual property rights of any third party and that Client has obtained all consents or authorizations of any such third party necessary for such uses of Client Information. Client Information, except for Client employee survey responses, will remain the property of Client. Hewitt agrees not to remove any copyright notices from such Client Information or use such Client Information except in connection with the corresponding Services or as otherwise stated herein.
- (b) "Hewitt Information" is defined as all information and materials (in whatever form or media) provided to Client by or on behalf of Hewitt, other than Client Information and any deliverables expressly set forth in a Schedule as a Client-owned deliverable. Hewitt Information includes, but is not limited to: letters, reports and other presentations; each "Hewitt Web Site" (defined as Hewitt's web sites on the World Wide Web through which it may perform the Services and make related information and/or other content available to Client as such sites may be modified by Hewitt from time to time); "Hewitt Software" (defined as any software, including underlying source and object code, and instructions embedded in spreadsheets (such as in Microsoft® Excel), owned by or licensed to Hewitt and installed by Hewitt on Client's computers or included in diskettes or CDs or other media furnished to Client or otherwise used in connection with the provision of the Services, including software used in the operation of the Hewitt Web Site); all data, information, or material residing on Hewitt's computer servers, except to the extent such data, information, or material constitutes Client Information; Hewitt's responses to Client's requests for proposal or other proposal related documentation; Hewitt's standard materials and derivatives thereof and related materials; and Hewitt's generalized practices, techniques, business processes, and know-how regardless of whether developed in connection with the Services or engagements with other Hewitt clients. Hewitt Information is, and will remain, the property of Hewitt. This Agreement does not grant, or otherwise give, Client ownership in, or other rights to, Hewitt Information or any other Hewitt intellectual property except for the express license to Client set forth in Section 5(d).

- (c) Any analysis, reports, or advice provided by Hewitt under this Agreement is for management use and decision-making and is not to be shared with any third parties (except Client's legal counsel or auditors) or used in any communication to employees or other third parties without Hewitt's written prior consent.
- (d) Subject to this Agreement and to any specific terms in a Schedule, Hewitt grants to Client a non-exclusive, non-sublicenseable, non-transferable license to use the Hewitt Information solely for Client's internal use. To the extent such license covers Hewitt Software, such license shall terminate and expire upon the termination or expiration of the applicable Schedule or, if no Schedule applies, upon the termination of Hewitt's provision of Services related to such Hewitt Software. Except pursuant to the terms of a Schedule, Client will not copy Hewitt Software, except for one copy for back-up or archival purposes.
- (e) Client will not (i) create derivative works based on, modify, or translate the Hewitt Information; (ii) sell, assign, distribute, lease, market, rent, sublicense, transfer, or otherwise grant rights to the Hewitt Information in whole or in part to any third party; (iii) obfuscate, remove or alter any of the internet links or copyright or other proprietary legends that are in the Hewitt Information or that are displayed on pages served by the Hewitt Information; (iv) reverse engineer, decompile or disassemble Hewitt Software or any part thereof or otherwise obtain or attempt to obtain the source code for Hewitt Software. Hewitt retains all right, title and interest in and to the Hewitt Information.
- (f) Provided that Client promptly notifies Hewitt of a claim that the Hewitt Information infringes a presently issued U.S. patent or copyright, Hewitt will defend such claim at its expense and will indemnify Client for any costs and damages that may be awarded against Client in connection with such claim. Hewitt will not indemnify Client, however, if the claim of infringement results from (i) use of other than the most recent version of the Hewitt Information made available to Client by Hewitt; (ii) Client's alteration of the Hewitt Information; (iii) use of Hewitt Software in combination with other software not provided by Hewitt; or (iv) improper use of Hewitt Information.

6. Confidentiality

- (a) For the purposes of this Agreement, "Confidential Information" includes: (i) Client Information; (ii) Hewitt Information; (iii) oral and written information designated by a party as confidential prior to the other party obtaining access thereto; and (iv) oral and written information which should reasonably be deemed confidential by the recipient whether or not such information is designated as confidential. Each party's respective Confidential Information will remain its sole and exclusive property.
- (b) Each party will use reasonable efforts to cause its employees to minimize distribution and duplication and prevent unauthorized disclosure of the Confidential Information of the other party. Each party agrees that only employees who have a need to know the Confidential Information of the other party will receive such Confidential Information. No party will disclose the other party's Confidential Information to a third party without the prior written consent of the other party, which consent may be conditioned upon the execution of a confidentiality agreement reasonably acceptable to the owner of the Confidential Information, except that Hewitt may use Client's Confidential Information in combination with other data, including the disclosure of such information to third parties, provided that no such Client Confidential Information is identifiable by Client or Client employee and that either party may disclose the other party's Confidential Information to its legal counsel and auditors. Hewitt may also disclose Client's Confidential Information to any subcontractor or, as instructed by Client, to any other third party providing services to Client under this Agreement as reasonably necessary for such subcontractor or third party to perform its services, provided that any such subcontractor is subject to a confidentiality agreement. Hewitt may retain a copy of all Client Confidential Information for archival purposes.
- (c) Confidential Information does not include information if and to the extent such information: (i) is or becomes generally available or known to the public through no fault of the receiving party; (ii) was already known by or available to the receiving party prior to the disclosure by the disclosing party; (iii) is subsequently disclosed to the receiving party by a third party who is not under any obligation of confidentiality to the party who disclosed the information; or (iv) has already been or is hereafter independently acquired or developed by the receiving party without violating any confidentiality agreement with or other obligation to the party who disclosed the information.
- (d) The receiving party may disclose Confidential Information of the disclosing party if required to as part of a judicial process, government investigation, legal proceeding, or other similar process, provided that the receiving party has given

prior written notice of such requirement to the disclosing party. Reasonable efforts will be made to provide this notice in sufficient time to allow the disclosing party to seek an appropriate confidentiality agreement, protective order, or modification of any disclosure, and the receiving party will reasonably cooperate in such efforts.

7. Representations and Responsibilities

- (a) Hewitt represents that it: (i) shall, at all times during the term of this Agreement, remain in material compliance with all applicable federal, state, and local laws and regulations, including any required licenses, permits, or registrations, necessary for Hewitt to be able to perform the Services; and (ii) has no outstanding commitment or agreement to which it is a party or legal impediment of any kind known to it which materially conflicts with this Agreement or is reasonably likely to limit, restrict, or impair the rights granted to Client hereunder. If a potential conflict should arise, Hewitt will discuss the situation with Client.
- (b) Client will submit to Hewitt all Client Information in Client's control necessary for Hewitt to perform the Services covered by this Agreement. Client will maintain in compliance with applicable law any and all benefit plan legal documents related to the Services. Client is responsible for the accuracy and completeness of any and all Client Information that is submitted to Hewitt. Client agrees to notify Hewitt as soon as possible of any problems or errors in Client Information submitted. Services performed by Hewitt in correcting such problems or errors are additional services for which additional fees will be payable.

8. Indemnification/Liability

- (a) Hewitt shall use its best efforts in the exercise of its powers and the performance of its duties under the mutually agreed upon contract to indemnify and hold harmless Client and its directors and officers against all claims, lawsuits, settlements, judgments, costs, penalties, and expenses, including attorney's fees, with respect to the contracted arrangement (collectively, a "Loss" or "Losses"), arising out of Hewitt's breach of the contract, or the negligent, dishonest, fraudulent, or criminal acts of Hewitt or any of its directors, officers, employees, subcontractors, or contracting providers, acting alone or in collusion with others:
 - (i) for all Losses arising from Services performed in a particular Year, in an amount not to exceed the amount of the consulting fees paid to Hewitt under this Agreement during such Year, and,
 - (ii) without regard to the limitations of Section 8(a)(i), for Losses arising from (aa) Hewitt's gross negligence, willful, fraudulent or criminal misconduct, (bb) bodily injury, including death, or damage to personal or real property, (cc) infringement by Hewitt Information pursuant to Section 5(f) hereof, and (dd) Hewitt's breach of its confidentiality obligations set forth in Section 6 hereof and any Schedule. Any claim under this Section 8(a) must be asserted before the date that is three (3) years following the act or omission giving rise to the claim.
- (b) Subject to Hewitt's indemnity obligations in Sections 5(f) and 8(a), Client shall indemnify, defend, and hold Hewitt harmless from and against any and all Losses of any nature made by third parties, including, without limitation, Client's employees, affiliates, and plans with respect to the Services provided hereunder.
- (c) In no event will either party be liable to the other party for incidental, consequential, special, or punitive damages (including loss of profits, data, business or goodwill, or government fines, penalties, taxes, or filing fees), regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranty, failure of essential purpose or otherwise, and even if advised of the likelihood of such damages.

9. Dispute Resolution

Except as provided in Section 12(h), the following procedures shall be used to resolve any dispute or controversy arising out of or relating to this Agreement. All negotiations between the parties conducted pursuant to the dispute resolution process described herein (and any of the parties' submissions in contemplation hereof) shall be kept confidential by the parties and shall be treated by the parties and their respective representatives as compromise and settlement negotiations for purposes of the applicable court rules of evidence.

(a) Internal Escalation

The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of

management than the persons with direct responsibility for administration of this Agreement. Either party may give the other party written notice of any dispute not resolved in the ordinary course of business. Within fifteen (15) days after delivery of the notice, the party receiving the notice shall submit to the other a written response.

Within thirty (30) days after delivery of the notice, the designated executives shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one party to the other shall be honored in a timely fashion.

If the matter in dispute has not been resolved within sixty (60) days after delivery of the notice, or if the parties fail to meet within thirty (30) days, the dispute shall be referred to more senior executives who have authority to settle the dispute and who shall likewise meet in an attempt to resolve the matter in dispute. If the matter has not been resolved within thirty (30) days after it has been referred to the more senior executives, or if no meeting of such senior executives has taken place within fifteen (15) days after such referral, either party may initiate subsequent proceedings as contemplated herein.

(b) Arbitration and Mediation

In the event the parties are unable to resolve a dispute, controversy or claim under the internal escalation process described above, then either party may give written notice to the other party of its intention to arbitrate. The American Arbitration Association ("AAA") Commercial Arbitration Rules ("AAA Rules"), as modified or revised by the provisions herein, shall govern these proceedings. After the arbitrators are selected, the parties agree first to try in good faith to settle the dispute by mediation administered by the AAA under its Commercial Mediation Rules.

(c) Arbitration Procedures

If the dispute has not been resolved through mediation within forty-five (45) days after the written notice beginning the arbitration process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration. The arbitration will be conducted in accordance with the procedures in this Agreement and the then current AAA Commercial Arbitration Rules. In the event of a conflict, the provisions of this Agreement will control.

The result of the arbitration will be binding on the parties and judgment on the arbitrators' award may be entered in any court having jurisdiction.

In the event of an arbitration, the prevailing party shall be entitled to recover, in addition to any charges fixed by the arbitrators, its costs and expenses incurred in connection with the arbitration of the claim, including reasonable attorney's fees and costs.

Nothing in this Agreement shall prohibit or otherwise limit a party's right to initiate litigation to enforce the arbitrators' award as described above, to obtain injunctive or equitable relief permitted by the terms of this Agreement, or to preserve a superior position with respect to other creditors.

10. Insurance/Indemnity

(a) Coverage. Hewitt shall maintain, at all times during the term of this Agreement, the following minimum insurance coverages and limits:

- (i)** Workers' Compensation and related insurance as prescribed by the law of the state in which the Services are to be performed;
- (ii)** General Liability in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate; and
- (iii)** Professional Liability in the amount of \$1,000,000 per occurrence and in the aggregate.

(b) Best Rating. Hewitt will place such insurance with carriers possessing a B+VII or better rating, as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies.

11. Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of Hewitt and Client. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed, except Hewitt may assign its rights and obligations to an affiliate entity controlled by, controlling, or in common control with Hewitt.

12. Miscellaneous

- (a) The headings used herein are for convenience only and will not affect the interpretation of this Agreement.
- (b) This Agreement has been entered into for the sole benefit of Client and Hewitt, and in no event will any third-party benefits or obligations be created thereby.
- (c) This Agreement and any Schedule hereunder may be executed in two or more counterparts, each of which will be deemed an original for purposes of this Agreement or the Schedule.
- (d) The relationship between the parties is that of independent contractors. Nothing in this Agreement will be deemed or construed to create a joint venture, agency, or partnership between the parties for any purpose or between the partners, officers, members, or employees of the parties by virtue of either this Agreement or actions taken pursuant to this Agreement. Hewitt personnel will remain Hewitt's employees for all purposes, including, but not limited to, determining responsibility for all payroll-related obligations.
- (e) Hewitt may enter into subcontracts to perform a portion of the Services under this Agreement provided that Hewitt shall remain responsible for the acts or omissions of such subcontractors as if such subcontracted activities had been performed by Hewitt.
- (f) Hewitt may include Client and its trademarks and logos on Hewitt's client lists, proposals and other communications not intended for general distribution.
- (g) It is expressly understood and agreed that the obligations of Sections 5, 6, 8, 9, 11, and 12 herein, as well as all payment obligations arising on or before the date of termination or expiration of the term of this Agreement, will survive the termination or expiration of this Agreement.
- (h) Both parties agree that injunctive relief is appropriate in enforcing the confidentiality provisions of this Agreement. In the event of any action to construe or enforce this Agreement or any portion thereof, the prevailing party will be entitled to recover, in addition to any charges fixed by the court, its costs and expenses of suit, including reasonable attorneys' fees and expenses.
- (i) If any provision of this Agreement or portion thereof is declared invalid, the remaining provisions will nevertheless remain in full force and effect.
- (j) In the event any terms of any Schedule conflict with the terms contained in these General Terms and Conditions, the terms of such Schedule will prevail.
- (k) This Agreement will be construed and enforced in accordance with the internal laws and judicial decisions of the State of Illinois, excluding its conflict of laws rules that would refer to and apply the substantive laws of another jurisdiction.
- (l) This Agreement, including any Schedules and the materials incorporated herein from time to time, constitutes the entire agreement of the parties and supersedes all previous oral or written negotiations and agreements relating to the subject matter hereof (including the subject matter of such Schedules). For the avoidance of doubt, this Agreement also supersedes the terms and conditions in any purchase order, engagement letter or general consulting services agreement between Hewitt and Client. For the avoidance of doubt, the effective date of each Schedule shall be set forth therein. There have been no representations or statements, oral or written, that have been relied on by any party hereto except those expressly set forth herein.

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Hewitt Associates LLC
 45 Glover Avenue
 Norwalk, CT 06850
 Tel 203.852.1100 Fax 203.853.2224
 www.hewitt.com

Schedule A



June 1, 2009

Mr. Steve Johnston
 Deputy Director, Department of Administration
 State of Rhode Island
 1 Capitol Hill
 Providence, RI 02908

Dear Steve:

Thank you for the opportunity to work with The State on your health and welfare benefit programs. This letter will confirm our mutual understanding of the health management services we will perform on your behalf. We enjoy working with you and your team and look forward to our continued partnership.

As requested in your RFP, we have bid on an initial three-year contract, with two, optional, one-year extensions (at the discretion of The State). We expect work to begin on or before March 1, 2009 and run through December 31, 2011. The optional extensions would cover the period January 1, 2012 through December 31, 2012 and January 1, 2013 through December 31, 2013.

Activity	Three-Year Contract			Optional, One-Year Extensions	
	2009	2010	2011	2012	2013
Annual Benchmarking	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Strategic Review and Annual Planning	\$15,000	\$15,000	\$15,000	\$17,500	\$17,500
Experience Monitoring and Financial Analysis (including budget support)	\$80,000	\$80,000	\$80,000	\$90,000	\$90,000
Audit of Medical Plan (bi-annual)	\$50,000	\$0 (Pre-implementation Audit funded by winning bidder)	\$50,000	\$50,000	\$50,000
Audit of Pharmacy Plan (bi-annual)	n/a	\$0 (Pre-implementation Audit funded by winning bidder)	n/a	\$40,000	n/a
Competitive Bidding (Medical: Effective July 1, 2010)	\$60,000	\$80,000	n/a	n/a	n/a
Competitive Bidding (Dental: Effective January 1, 2011)	n/a	\$55,000	n/a	n/a	n/a
Competitive Bidding (Vision: Effective July 1, 2009)	\$40,000	n/a	n/a	n/a	n/a
Competitive Bidding (Short-term Disability: Suggested Effective July 1, 2011)	n/a	\$60,000	n/a	n/a	n/a
Competitive Bidding (Long Term Disability: Suggested Effective July 1, 2011)	n/a	Included above	n/a	n/a	n/a
Total	\$255,000	\$300,000	\$155,000	\$207,500	\$167,500

Schedule A



Mr. Steve Johnston
Page 2
June 1, 2009

The consulting fees above include: travel related expenses for core team members; any out-of-pocket expenses Hewitt has incurred on behalf of the client; outside delivery services such as shipping, express mail, and messenger services; charges for data communication and related equipment; and any and all taxes applicable for which The State of Rhode Island is liable. Travel expenses for national subject matter experts, if any, will be billed at cost and agreed upon with The State in advance.

The State and Hewitt may also agree to a time and materials budget for any work performed that does not fall within the scope of the projects listed above.

Fees are due within 30 days of the invoice date. Client will promptly notify Hewitt of any questions regarding invoices so that Hewitt can expect timely payments. Interest on late payments will be assessed at a rate equal to the prime interest rate as reported on the money market page of the *Wall Street Journal* published on the first business day of each month.

Please acknowledge your consent to this proposal by signing and returning a copy of this letter. The parties are currently working on finalizing a master consulting agreement to cover the services under this job arrangement letter (JAL). Once finalized, the terms and conditions of the signed agreement shall apply to this JAL.

Again, thank you for this opportunity. We value The State as a client. Please let us know if you have any questions.

Sincerely,

Hewitt Associates LLC

A handwritten signature in cursive script, appearing to read "Janice A. Linnan", is written over a horizontal line.

Janice A. Linnan

JAL:caCIPY10/L002

cc: Ms. Susan K. Rodriguez, State of Rhode Island
Mr. Robert H. Kennedy, Hewitt Associates
Ms. Karan Makan, Hewitt Associates

Accepted this ___ day of ___, 200___

State of Rhode Island

By: _____

Name: _____

Title: _____

Date: _____