

New Jersey Department of the Treasury
Division of Administration
Office of Fiscal and Resources

Division of Medical Assistance and Health Services
Medical Assistance Disbursement Services
Request for Proposal

August 19, 2019

To: All Interested Respondents

Re: RFP – Medical Assistance Disbursement Services 2020

Addendum #1

The following constitutes Addendum #1 to the above referenced solicitation.

- 1) Responses to Questions: Please see attached

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Page # RFP Section	Question	Answer
Page 5 Section A. <i>Applicable Rules and Regulations</i> Bank of America Merrill Lynch	1. At the top of page 5 it states "The vendor must be a member of the Federal Reserve direct wire system." Throughout the document there are several references to the State funding the accounts required in this RFP via wire transfer but does not mention the State initiating wires from these accounts. Please confirm the State will not initiate wires from these accounts. If the State will the State initiate wires from any of the accounts required in this RFP please provide the estimated monthly volume (number and dollar amount).	The State will not initiate wires from the accounts required in this RFP.
Page 6 Section A. <i>Applicable Rules and Regulations</i> Citizens Bank	2. It is mentioned that the State will not sign documentation or setup forms, but will the State be willing to sign a signature card and/or provide the bidder with a Business resolution document that will outline roles and decision making authorities of key staff members?	The State of New Jersey will provide signed signature cards, however, <u>all references to bank agreements or the banks' terms must be removed.</u>
Page 19 Section Y. <i>Indemnification</i> Bank of America Merrill Lynch	3. Please confirm the following calculation is correct assuming the annual value of the contract is \$50,000. $50,000 * 4 \text{ year term} * 500\% = \$1,000,000$	Your calculation is correct. As stated on page 19 of the RFP, "The Vendor's liability to the State for actual, direct damages resulting from the Vendor's performance or non-performance, or in any manner related to the contract, for any and all claims, shall be limited in the aggregate to 500% of the value of the contract." The State defines the value of the contract as the estimated annual fees multiplied by the contract term. Contract extensions are excluded from this calculation.

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<p>Page 24 Section D. <i>Collateralization of Deposits</i></p> <p>Bank of America Merrill Lynch</p>	<p>4. Based on the account structure and additional information in the Account Data Information and Requirements it appears the State does not intend to keep balances in the Master Account. Please confirm if the State intends to keep balances in the accounts under this contract.</p>	<p>The State intends to fund the master account in this network based only on check clearance and ACH settlement totals daily. The State does not anticipate that there will be any significant average collected balance in any of these three (3) accounts.</p>
<p>Page 25 Section F. <i>N.J.S.A. 52:34-13.2 Certification</i></p> <p>Citibank</p>	<p>5. Does the State have flexibility to award the contract to a vendor that is utilizing back office operational processing from a non-US location as long as it's disclosed as required in the RFP?</p>	<p>As stated on page 26 of this RFP, Bidder may perform certain general information technology and other "back-office" support activities and ancillary processes for its own general benefit in support of its obligations to its customers from non-U.S. locations. These functions and processes include, but are not limited to, database maintenance on the Bidder's database applications and servers, technology infrastructure support for Bidder's technology hardware and system components, programmatic operations information processing on digital data (such as interest calculations) for the Bidder's general benefit, IT services' asset management, programmatic transaction processing, systematic account maintenance and servicing functions, and information analytics for the Bidder's general benefit.</p>
<p>Page 34 Section A. <i>Compensating Balances</i></p> <p>Bank of America Merrill Lynch</p>	<p>6. Does the State intend to leave excess balances in the General Treasury Medical Assistance Master Account or will you fund to cover the daily requirements only?</p>	<p>The State intends to fund the master account in this network based only on check clearance and ACH settlement totals daily. The State does not anticipate that there will be any significant average collected balance in any of these three (3) accounts.</p>

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<p>Page 34 Section A. Compensating Balances</p> <p>The Bank of Princeton</p>	<p>7. In the body of the RFP, interest-bearing accounts wasn't mentioned. Are any of the accounts going to be interest bearing?</p>	<p>No. No bank accounts in this contract network are required to be interest-bearing.</p>
<p>Page 34 Section A. Compensating Balances</p> <p>The Bank of Princeton</p>	<p>8. On page 34, it talks about compensating balances. If the three accounts are zero balanced accounts, wouldn't the monthly average collected balance be zero?</p>	<p>As stated on page 37 and shown on Exhibit I of this RFP, two accounts are zero balance accounts and one account is the master account in this network. The State does not anticipate that there will be any significant average collected balance in any of these three (3) accounts.</p>
<p>Page 34 Section A. Compensating Balances</p> <p>Capital One Bank</p>	<p>9. Can the State provide an estimate of how much, if any, compensating balances they have maintained with the incumbent bank over the past two years? Who is the incumbent bank?</p>	<p>For Calendar Year 2018, the average for the Average Monthly Collected Balance in this account network was \$4,258. This number excludes a one-day overdraft that occurred in July 2018.</p> <p>Wells Fargo Bank, NA is the incumbent bank.</p>
<p>Page 36 Section IV. Background</p> <p>Bank of America Merrill Lynch</p>	<p>10. Please provide additional information on the Fiscal Agent: is it a third party or another agency within the State? What is the Fiscal Agent's role in the payment process? Will the Fiscal Agent communicate with the bank?</p>	<p>The fiscal agent is a 3rd party vendor. They are responsible for preparing the checks and ACH payments and sending those files to the bank for the payments to be made. They may communicate with the bank during testing and transmission issues.</p>
<p>Page 37 Section V. Purpose and Intent</p> <p>Bank of America Merrill Lynch</p>	<p>11. Item 7 in the list of services mentions wire transfer with daylight overdraft coverage capabilities. Will the State initiate wire transfers out of these accounts? If not, can item seven (7) be eliminated?</p>	<p>The State will not initiate wires from the accounts required in this RFP.</p>

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<p>Page 37 Section V. <i>Purpose and Intent</i></p> <p>The Bank of Princeton</p>	<p>12. On page 37 of the RFP, it states the vendor must provide "Web-based Inquiry/Communication System" access. Does Web-based Inquiry access mean Online Banking access? If not, could you specify further?</p>	<p>Yes.</p>
<p>Page 38 Section V. Item 8 <i>Purpose and Intent</i></p> <p>Bank of America Merrill Lynch</p>	<p>13. Please provide the dollar amount of the largest and smallest ACH file during calendar year 2018.</p>	<p>During the 2018 calendar year, the largest ACH file in terms of dollar amount was during the week of December 28th in the amount of \$897,211,995.21. The largest in terms of the number of ACH records processed was during the week of February 9th, and 10,390 ACH records were processed. The smallest ACH file in terms of dollar amount was \$28,408,124.34 for the week of September 28th. The smallest in terms of ACH records processed was 8,873 for the week of January 4th.</p>
<p>Page 39 Section A. <i>General Account Requirements</i></p> <p>Capital One Bank</p>	<p>14. The RFP says that "the State will Strive to maintain a positive balance in the General Treasury Medical Assistance accounts." Can the State provide an estimate of the balances?</p>	<p>For Calendar Year 2018, the average for the Average Monthly Collected Balance in this account network was \$4,258. This number excludes a one-day overdraft that occurred in July 2018.</p>
<p>Page 39 Section A. <i>General Account Requirements</i></p> <p>Capital One Bank</p>	<p>15. Can the State provide additional details regarding how much of a daylight overdraft line they anticipate needing and how frequently have overdrafts occurred in the past two years? Similarly, can you provide additional details on how much of an overdraft line is required and how many times an overnight overdraft occurred in the previous two years?</p>	<p>The State anticipates needing a daylight overdraft line of approximately \$902 million.</p> <p>The State requests overdraft coverage of approximately \$902 million.</p> <p>In Calendar Year 2018, one overnight overdraft was recorded.</p>

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<p>Page 39 Section A. General Account Requirements</p> <p>Citizens Bank</p>	<p>16. What is the daylight overdraft credit line limit the State expects to have the bidder establish on its accounts? (This is different than the ACH exposure credit line)</p>	<p>The State expects the bidder to establish a daylight overdraft credit line of approximately \$902 million for these accounts.</p>
<p>Page 39 Section A. General Account Requirements</p> <p>Citizens Bank</p>	<p>17. Can the State provide bidders with Financial Statements for the last 3 years, or refer us to a link these can be downloaded?</p>	<p>The State of New Jersey's Comprehensive Annual Financial Reports can be found at the following link:</p> <p>https://www.nj.gov/treasury/omb/caf_r.shtml</p>
<p>Page 39 Section A. General Account Requirements</p> <p>Citizens Bank</p>	<p>18. How soon in the day will the Master account be funded?</p>	<p>The master account will typically receive wire funding by late afternoon.</p>
<p>Page 41 Section B. Summary of Accounts to be Established</p> <p>Capital One Bank</p>	<p>19. Can you disclose what type of protection is currently used to protect against unauthorized ACH debit activity?</p>	<p>Currently, the State uses ACH Debit Block Service.</p>
<p>Page 41 Section B. Summary of Accounts to be Established</p> <p>Citizens Bank</p>	<p>20. What is the average monthly collected balance in your accounts? Could the bidders be provided with 3 months of actual Account Analysis Data listing a breakdown of all services used? What bank is currently providing services for these accounts?</p>	<p>For Calendar Year 2018, the average for the Average Monthly Collected Balance in this account network was \$4,258. This number excludes a one-day overdraft that occurred in July 2018.</p> <p>The banking services required for this new contract are contained in the State's current RFP.</p> <p>Wells Fargo Bank, NA is the incumbent bank.</p>

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<p>Page 41 Section 1. Account Data Information and Requirements- General Treasury Medical Assistance Master Account</p> <p>Wells Fargo Bank, N.A.</p>	<p>21. Wire fax notices are in place today. Are these fax reports being used? Are you willing to receive these electronically?</p>	<p>No, "wire fax" notices will not be required as part of the new contract.</p>
<p>Page 41 Section 2. Medical Assistance Zero Balance Check Disbursement Account</p> <p>Bank of America Merrill Lynch</p>	<p>22. Will checks issued on this account contain the phrase "Payable if Desired"? Over the past 12 months how many checks have been cashed at a bank branch?</p>	<p>No, Checks issued from this account will not contain the wording "payable if desired".</p> <p>The State does not track data pertaining to the number of checks cashed at bank branch locations.</p>
<p>Page 42 Section a. Check Issue File Transmission Requirements</p> <p>Citibank</p>	<p>23. Please confirm if the State had flexibility on the file format for the Check Issuance File (Exhibit K) or will the vendor be required to accept his format?</p>	<p>The vendor will be required to use the Check Issuance File that is shown in Exhibit K.</p>
<p>Page 45 Section e. Stop Payments</p> <p>Capital One Bank</p>	<p>24. "Stop payments must...continue in effect until released by the State." Will these stop payments be required to last greater than 6 months, and if so, for how long?</p>	<p>Stop Payment must continue in effect until released by the State.</p> <p>Some stops will be replaced by cancels within 24 hours, while other stop payments will remain indefinitely until released by the State.</p>

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<p>Page 45 Section e. Stop Payments</p> <p>Citizens Bank</p>	<p>25. The State mentions, “stop payments must be effective immediately upon receipt by the bank and continue in effect until released by the State.” In general, how long is the time period before the stop is released by the State? Also, does the State have a stale date rule in place on the checks they issue? Are the checks voided after a certain period of time?</p>	<p>Stop payments must continue in effect until released by the State.</p> <p>Some stop payments will be replaced by cancels within 24 hours, while other stop payments will remain indefinitely until released by the State.</p> <p>The checks are issued and printed with the following statement, “Void after 6 months.”</p>
<p>Page 46 Section f. Outstanding Checks</p> <p>Capital One Bank</p>	<p>26. The bank will be required to reconcile the accounts and maintain a daily outstanding check file for the account. Are these daily reconciliation reports required to be made available to the State or is a monthly reconciliation report sufficient?</p>	<p>A monthly reconciliation report is sufficient.</p>
<p>Page 51 Section a. ACH Issue File Transmission Requirements</p> <p>The Bank of Princeton</p>	<p>27. Other than ACH sending/receiving capabilities, what other data transmission and receiving capabilities do you require?</p>	<p>The State’s Fiscal Agent will also transmit check issue files to the bank. Check cancels and replacement information may also be transmitted to the bank. In addition, as defined in the RFP on pages 62-64, the bank must deliver balance information and controlled disbursement data in BAI2 format for State retrieval.</p>
<p>Page 51 Section a. ACH Issue File Transmission Requirements</p> <p>Bank of America Merrill Lynch</p>	<p>28. Does the State send balanced ACH Files where the last transaction in the file is an offsetting debit in the amount of the total for all the credit entrees in the file?</p>	<p>Yes.</p>

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<p>Page 57 Section a. <i>Paid Check Imaging, Storage and Retrieval Services</i></p> <p>Bank of America Merrill Lynch</p>	<p>29. Page 57 second paragraph “State of New Jersey employees must have immediate access to paid check images and outstanding checks via the bank’s Web-based Inquiry / Communication System. Please define immediate. Please explain outstanding checks in the above sentence: if the check is outstanding that means the check has not been presented to the bank yet, therefore the bank will not have an image of it.</p>	<p>As stated on page 59 of the RFP, the State defines immediate access to paid check images that have been stored by the bank as follows:</p> <ul style="list-style-type: none"> • within 20 seconds for items paid within 180 days of the inquiry date; • within 40 seconds for items paid greater than 180 days from the inquiry date. <p>The State is requesting that the details regarding outstanding checks (i.e. check date, dollar amount, etc.) are available via the bank’s Web-based Inquiry/Communication System.</p> <p>No image of the outstanding item is required.</p>
<p>Page 57 Section b. <i>Paid Check Image Retrieval and Retrieval Performance</i></p> <p>Bank of America Merrill Lynch</p>	<p>30. Please note the image of checks usually takes place at the bank of first deposit and the issuing bank does not receive the original check from the depositing bank. The issuing bank captures and stores the image from the bank of first deposit.</p>	<p>Confirmed.</p>
<p>Page 58 Section i. <i>Paid Check Image Retrieval</i></p> <p>Citibank</p>	<p>31. Please provide further background on the requirement that the check printout must include a certification of authenticity statement on the printout.</p>	<p>It should include the statement, “This is a legal copy of your check.”</p>
<p>Page 59 Section ii. <i>Image Retrieval Performance</i></p> <p>Bank of America Merrill Lynch</p>	<p>32. Page 59 Image Retrieval Performance discusses the response time for the State to retrieve images of paid checks. Does the State agree to use the most current version of web browsers?</p>	<p>Yes, the State will make every attempt to use an up-to-date version of web browser.</p>

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<p>Page 61 Section E. Report Requirements</p> <p>Bank of America Merrill Lynch</p>	<p>33. Page 61 Report Requirements, last paragraph on the page mentions checks deposits. Will the State make check deposits into one of these accounts, if so which account and how many deposit will be made?</p>	<p>The State has not done so within the last year, however, we reserve the right to deposit into this account. Any check that would be deposited, would be into the Medical Assistance Master Account.</p>
<p>Page 61 Section E. Report Requirements</p> <p>Wells Fargo Bank, N.A.</p>	<p>34. Will the State require hardcopies of the bank statements or would you be willing to download them online?</p>	<p>The State will accept online bank statements, but hard copies should be provided by the bank upon the State's request.</p>
<p>Page 64 Section 3. Monthly ARP Reconciliation Report</p> <p>Citibank</p>	<p>35. Please confirm that you will accept the vendor's standard reporting as long as it includes the requested data elements in Exhibit M and Exhibit N.</p>	<p>The State will accept the vendor's standard reporting as long as it includes all the requested data elements in Exhibit M and Exhibit N.</p>
<p>Page 64 Section 3. Monthly ARP Reconciliation Report</p> <p>Wells Fargo Bank, N.A.</p>	<p>36. Will the State require hardcopies of any reconciliation reports or would you be willing to download them online?</p>	<p>The State will accept online reconciliation reports, but hard copies should be provided by the bank upon the State's request.</p>
<p>Exhibit A State of New Jersey OIT File Transfer Guide</p> <p>Citizens Bank</p>	<p>37. Please confirm that bidders are not required to provide a detailed system design as requested in Exhibit A, until contract is awarded.</p>	<p>Confirmed.</p>

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<p>Exhibit A State of New Jersey OIT File Transfer Guide</p> <p>The Bank of Princeton</p>	<p>38. On Exhibit A of the RFP, you mention network security. We currently use a 3rd party data processor called Fiserv. Are the questions about Network Security directed towards the actual bank, our third-party data processor (Fiserv), or both?</p>	<p>State RFP requirements (and related questions) are directed to and must be addressed by the prime contractor responsible for all requirements contained in the State's RFP. The prime contractor is responsible for any subcontractor or third party it chooses to provide services under this contract.</p>
<p>Exhibit A State of New Jersey OIT File Transfer Guide</p> <p>The Bank of Princeton</p>	<p>39. What exactly is the Extranet used for? If it's for sending Wire/ACH Files, are you asking for a direct connection to our core (Fiserv)?</p>	<p>The Extranet is used for secure file transfer. The communication links between the State of New Jersey and the contractor can be through a dedicated circuit or IPSEC tunnel over the Internet. Please also see Exhibit A, page 4 for Extranet Options.</p>
<p>Exhibit H Monthly Analysis Sample Format</p> <p>Citibank</p>	<p>40. Please confirm that you will accept the vendor's standard monthly account analysis as long as it includes the requested data elements in Exhibit H.</p>	<p>The vendor's monthly account analysis is acceptable only if all applicable data elements in Exhibit H <u>and</u> RFP Section III are included. Payment Method and Terms (pages 34-35) requirements must be satisfied.</p>
<p>Exhibit I Monthly Analysis Sample Format</p> <p>The Bank of Princeton</p>	<p>41. Daily debits and credits aside, what would be the average collected daily balance be in each of the accounts?</p>	<p>For Calendar Year 2018, the average for the Average Monthly Collected Balance in this account network was \$4,258. This number excludes a one-day overdraft that occurred in July 2018.</p>

Written responses contained in the Addendum will amend the RFP and control. Vendors must sign this addendum below and submit it with your bid proposal. Proposals are due on September 9, 2019 by 4:00 p.m. E.S.T.

Authorized Signature Date

Print Name Date