State of Wisconsin
Department of Employee Trust Funds
DOA-3049 (R01/2000))
S. 51.01(5) Wis. Stats.; s. 111.32(13m) Wis. Stats.

Department of Employee Trust Funds
801 W. Badger Road
P. O. Box 7931
Madison, WI 53707-7931

Contract By Authorized Board

Commodity or Service: Third-Party Administration of Employee Reimbursement Accounts and Commuter Benefits Programs

Request for Bid/Proposal No: ETI0022

Authorized Board: Employee Trust Funds Board

Contract Period: 01/01/2010 thru 12/31/2012 with option for two (2) additional one-year periods

1. This contract is entered into by and between the State of Wisconsin, Department of Employee Trust Funds (Department), the State of Wisconsin Employee Trust Funds Board (Board). and the contractor whose name, address, and principal officer appears on page 2. The Department is the sole point of contract for Board contracting;
2. Whereby the Department of Employee Trust Funds agrees to direct the purchase and the contractor agrees to supply the contract requirements cited above in accordance with the terms and conditions of the request for bid cited above, and in accordance with the contractor's bid submitted on this request for bid which request for bid is hereby made a part of this contract;
3. In connection with the performance of work under this contract, the contractor agrees not to discriminate against any employees or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s.51.01(5), Wis. Stats., sexual orientation as defined in s.111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Except with respect to sexual orientation, the contractor further agrees to take affirmative action to ensure equal employment opportunities. The contractor agrees to post in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.
4. Contracts estimated to be over twenty-five thousand dollars ($25,000) require the submission of a written affirmative action plan. Contractors with an annual work force of less than twenty-five (25) employees are exempted from this requirement.

   Within fifteen (15) working days after the award of the contract, the plan shall be submitted for approval to the Department. Technical assistance regarding this clause is provided by the Purchasing Agent, Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931, (608) 266-8989, mark.blank@etf.state.wi.us.
5. For purposes of administering the contract, the Order of Precedence is: this contract; the Business Associate Agreement; the technical and cost proposals for the RFP ETI0022 submitted by Fringe Benefits Management Company dated April 28, 2009; RFP ETI0022 dated March 23, 2009, including all appendices, attachments and amendments; Amendment 1 dated December 17, 2009.

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Contract Number & Service: Third-Party Administration of Employee Reimbursement Accounts and Commuter Benefits Programs

State of Wisconsin Department of Employee Trust Funds	To be Completed by Contractor
By Authorized Board (Name) Employee Trust Funds Board	Legal Company Name Fringe Benefits Management Company
By *(Name)* Marilyn Wigdahl MARILYN J. WIGDAHL	Trade Name Fringe Benefits Management Co (FBMC)
Signature Marilyn J Wigdahl	Taxpayer Identification Number 59-1657263
Title Chair, Employee Trust Funds Board	Company Address *(City, State, Zip)* 3101 SESSIONS RD, TALLAHASSEE FL 32303
Phone 608-261-7940 (Robert J. Conlin, Deputy Secretary)	By *(Name)* Patricia K. Neely
Date *(MM/DD/CCYY)* 03/25/2010	Signature Patricia K Neely
Witness (1): Lori Gage	Title SR V.P + CCO
Witness (2): Robert J Konesh	Phone 850-425-6200 X 2444
	Date *(MM/DD/CCYY)* 12/24/2009
	Witness (1): Holly Hance
	Witness (2): Tori M

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Third-Party Administration of Employee Reimbursement Accounts and Commuter Benefits Programs
RFP #ETI0022
Amendment #1 – December 17, 2009
REIMBURSEMENT ACCOUNT CARD SERVICES

FBMC, in conjunction with the stored-value card provider, will provide a prepaid card service that is designed to process certain transactions electronically by allowing participating employees to use the stored-value card to purchase certain services. The transactions may be associated with the Employer's Health FSA, and/or Dependent Care FSA Plans, and/or Commuter Benefits program (the "Benefit Plans ") and the services may include health care services and products from hospitals, physicians, health care professionals, and other providers and merchants, as well as eligible dependent care providers, and the purchase of transit passes, as designated under the Employer's Benefit Plans.

In consideration for the mutual promises set forth below, the Employer and FBMC agree as follows:

1. Definitions. (a) "Account" is the bank account from which reimbursements are made.

(b) "Benefit Plans" The State of Wisconsin Employee Reimbursement Accounts Program which includes a medical expense reimbursement plan and a dependent care reimbursement plan and/or the State of Wisconsin Commuter Benefits Program.

(c) "Benefit Plan Participants" or "Participants" mean employees and their dependents that are participating in the reimbursement accounts as part of the Benefit Plans.

(d) "Card" or "Cards" means the stored-value card issued by Meta Bank (or by such bank as the parties mutually agree); administered by FBMC.

(e) "Card Transaction" means when the stored-value card is presented for payment of Qualified Expenses.

(f) "Employee" shall mean those employees eligible to participate in the Benefit Plans.

(g) "Employer" means the Wisconsin Group Insurance Board (GIB), or the Department of Employee Trust Funds (ETF) acting on behalf of the GIB.

(h) "Flexible Spending Account" ("FSA") means a medical spending account or dependent care reimbursement account or both, as provided through the Benefit Plans.

(i) "Qualified Expenses" include any and all related goods and services as defined under Sections 105(b), 106, 129, and 213(d) of the Internal Revenue Code relating to IRS-approved tax-favored arrangements.

2. FBMC Responsibilities.

(a) FBMC shall provide administrative services to Employer and Participants, including updating Participants' records, maintaining accurate Account balances, and contribution information, activating and deactivating Participant Cards, responding to Participant inquiries and providing appropriate notices regarding Participant Accounts and actions taken in relation thereto.

(b) FBMC shall provide administrative services to Employer, including maintaining accurate Account balance information, providing reports of Account activities and initiating draws against an Account designated by the Employer to fund reimbursement transactions and maintain Account balances at the agreed-upon levels.

(c) FBMC will refer Participants to the Card processing center to report lost or stolen Cards. FBMC will resolve all servicing issues related to the Card, except transaction or merchant disputes.

(d) FBMC will make available to the Employer, for distribution to the Participants,

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information concerning the proper use of the Card.

(e) FBMC and Employer agree to operate the Card program in accordance with IRS guidance applicable to debit card processing of Qualified Expenses as set forth in Rev. Rul. 2003-43 and Rev. Rul. 2006-69.

3. Employer Responsibilities.

(a) Employer acknowledges that Card services are not generally available to certain persons, including, but not limited to those ineligible to participate in Employer's Benefit Plan(s), non-employees, terminated employees, persons participating through COBRA, and certain employees on leave from employment and on disability (collectively, "Ineligible Persons"). Employer agrees to make necessary eligibility changes immediately or immediately notify FBMC.

(b) Employer agrees to sufficiently fund the Account, in advance, in an amount (to be specified by FBMC from time to time) in a checking account in the Employer's name at a financial institution mutually agreed upon by the Employers and FBMC (the "Maintenance Deposit") to ensure adequate funding for the payment of Card Transactions as they occur. The Maintenance Deposit may be increased depending on the timing and level of Card Transactions.

(c) The Employer shall deposit additional funds in the Account (at the request of FBMC) in order to reestablish the Maintenance Deposit at the end of each claim processing cycle.

(d) Each day that Card Transactions are paid from the Account, Employer authorizes FBMC to initiate a draw from a designated Employer account to restore the Account to the Maintenance Deposit level.

(e) Employer agrees to notify FBMC of employee termination in a timely manner.

(f) Employer agrees that the cost of all claims arising under the Benefit Plans shall be paid by the Employer's contributions to the Account. The liability for payment of claims falls on the Employer or the Plan Participant, and not on FBMC. If, at any time, the amount of reimbursement benefits payable under the applicable Benefit Plan provisions exceeds the amount deposited by the Employer in the Account, the Employer shall transfer an amount necessary to the Account to fulfill its reimbursement obligations under the applicable Plan before any further reimbursement benefit payment is made. FBMC is under no obligation to advance funds on behalf of the Employer.

(g) Employer agrees to notify FBMC immediately upon suspicion of inappropriate or fraudulent Card use.

(h) Employer acknowledges that Card usage for the Benefit Plans is subject to IRS regulation, which may include, without limitation, restrictions on the amount a Participant may charge, which merchants may accept the Card, and the type of expense that may be charged and other legal requirements including, but not limited to those described in Rev. Rul. 2003-43 and Rev. Rul. 2006-69. Employer acknowledges that, despite such usage restrictions imposed by the IRS, the Card may properly cause payments to be issued for expenses that do not represent eligible Benefit Plan expenses. Employer agrees FBMC may not be held responsible for Employer losses due to payments for ineligible expenses, except those arising from FBMC's or the card service provider's negligence or material breach of its obligations under this agreement. Employer acknowledges that state or other laws may govern whether and to what extent it may recoup ineligible payments by withholding such amounts from employee pay. Employer agrees FBMC may not be held responsible for Employer's efforts to recoup payments for ineligible expenses, except those arising from FBMC's or the card service provider's negligence or material breach of its obligations under this agreement.

(i) Employer agrees that it may be liable for disputed Card payments if such disputes are subsequently resolved by VISA or MasterCard in favor of the merchant that provided the goods or services and the expense incurred was an eligible expense.

(k) Employer agrees to administer the Benefit Plans in accordance with the rules and regulations of the Benefit Plans.

(l) Employer agrees to provide to FBMC in a timely fashion all information required for any reports or other documents required by law, including but not limited to the rules and regulations promulgated by the U.S. Department of Labor and the Internal Revenue Service. It is Employer's responsibility to ensure that it complies with all applicable tax and other laws.

(m) Employer agrees to provide a current benefits file to facilitate the automatic adjudication of health-related co-payments.

4. Administration. FBMC will administer the Card as follows:

(a) FBMC or the Card service provider chosen by FBMC will provide a Card to all employees who enroll in one or more of the Benefit Plans that include the Card option.

(b) FBMC will provide each participant with receipt transmittal forms, reimbursement forms and instructions for filing reimbursement Claims; and provide each Participant with information regarding FSA payroll deposits and claims withdrawals; and

(c) FBMC will provide each Participant with written monthly reports summarizing the previous period's FSA activities; and receive electronic and/or paper Claims, and expeditiously review such Claims to determine what amount, if any, is due and payable with respect thereto; and

(d) FBMC will disburse the benefit payments it determines to be due (provided the Employer has sufficient funds in the Account) in accordance with the provisions of the Benefit Plan and the following procedure(s):

(1) valid reimbursement for FSA benefits shall be paid by FBMC in the agreed upon time frame by authorizing a valid Card Transaction at point of sale, via direct deposit, or mailing a check in the appropriate amount(s) directly to the Participants at their home addresses; and

(2) Card Transactions deemed ineligible shall be offset with valid paper transactions; or

(3) unresolved transactions shall result in card suspension or termination as applicable.

(e) FBMC agrees to reasonably ensure compliance with proper use of the Card and take whatever action is necessary to investigate and resolve errors in the Card Transactions.

(f) The Card will be deactivated upon notice from the Employer that the Participant is no longer employed by the Employer or has ceased to satisfy the eligibility requirements of one or more of the Benefit Plans that include the Card option. Where Employer instructs FBMC to terminate eligibility, FBMC agrees to deactivate, within twenty-four (24) hours of an eligibility update in FBMC's system the Card of any Ineligible Person. If FBMC has deactivated a Card pursuant to the preceding sentence, Employer agrees that FBMC or the Card service provider may not be held responsible for any Card payment made after a person becomes an Ineligible Person. Should the Employer fail to provide this notice in a timely manner, causing payment of ineligible expenses, Employer will be responsible for all such ineligible expenses and will, upon request from FBMC, reimburse the Account for all such ineligible expenses. FBMC may deactivate, at its option and without prior notice to Employer or Participant, any Card for fraudulent activity or as outlined in the Cardholder Agreement. FBMC reserves the right to deactivate the Card any other time that it deems appropriate.

(g) Participants must agree to use the Card in accordance with the terms of the Cardholder Agreement that accompanies the Card. FBMC or the Card services provider will deactivate the portion of the Card that corresponds to one or more of the applicable Benefit Plans if the Participant fails to use the Card in accordance with the Cardholder Agreement.

(h) The Card may be used by Participants to pay for Qualified Expenses with merchants who have a category code associated with medical services, day care services and/or parking transit services (to the extent

applicable). FBMC reserves the right to allow the Card to be used at merchants who do not have an appropriate category code under certain circumstances.

(i) FBMC will require substantiation of expenses paid with the Card in accordance with the requirements set forth in the applicable Treasury regulations and/or other applicable guidance. FBMC will notify claimants in writing as to any electronic or paper claims that are denied or deemed ineligible for reimbursement because of inadequate claim substantiation, improper claim form submission, or expenses not meeting plan requirements. The portion of the Card that corresponds to one or more of the applicable Benefit Plans will be deactivated if the Participant fails to provide the requested substantiation. FBMC will make reasonable attempts to collect repayment of claims paid through the Card for ineligible expenses or offset the ineligible payment against any claims for future eligible expenses (made during the plan year where required). If repayment or offset is not made, Employer will be informed and will be responsible for taking any necessary action required by law.

(j) FBMC or the Card service provider will incur no liability for any ineligible Card payments except those arising from FBMC's or the Card service provider's negligence or material breach of its obligations under this Agreement.

(k) All Cards will be deactivated on the date this Agreement is terminated.

(l) If a portion of the Card that corresponds to one or more of the applicable Benefit Plans has been deactivated (other than for failure to properly fund), neither FBMC nor the Card service provider will reactivate the portion of the Card, except as prompted by written instructions from the Employer,

(m) Employer understands that until the IRS and/or Treasury issues formal guidance approving the use of the Card under a Code Section that outlines the required terms and conditions of such Card use, the Employer assumes all risks of offering the Card as administered by FBMC (as set forth above and in the Cardholder Agreement) for use by Participants in the absence of such IRS and/or Treasury formal guidance. Employer agrees that FBMC shall not be responsible for any damages that may arise as a result of using the Card in accordance with the terms set forth above.

5. Transfer of Data. FBMC will establish a standard procedure for exchanging information. Employer will furnish the information determined to be necessary to satisfy its responsibilities under this agreement in a format, method, and time mutually agreed upon by the parties in the Agreement. If agreed upon by the Employer, FBMC may exchange eligibility and adjudication data with the pharmacy benefits manager. Also, FBMC may interface with the Card processor on all Card activity and post data to system file.