

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

234



**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
September 9, 2015

**SUBJECT:** Fifth Amendment to the TALX Universal Service Agreement with TALX Corporation for ACA Management Platform and ACA Tax Form Service. [District- All] [Total Cost - \$116,800] [SOURCE OF FUNDS - Human Resources and Auditor Controller Department Budgets]

**RECOMMENDED MOTION:** That the Board of Supervisors:

- 1) Approve the Fifth Amendment to the TALX Universal Service Agreement with TALX Corporation including the ACA Management Platform and ACA Tax Form Services, effective November 1, 2015 through December 31, 2016 without obtaining competitive bids;
- 2) Authorize the Chairperson to sign four (4) copies of each Agreement; and
- 3) Retain one (1) copy of each agreement and return three (3) copies of each agreement to Human Resources for distribution.

**BACKGROUND:**

Summary

CPAAC (County Personnel Administrators Association of California) is a non-profit corporation which conducts market bids on behalf of California counties who are seeking similar services. The County utilizes TALX as a vendor since CPAAC contracts with TALX for Unemployment services. TALX has created a software product that is marketed under Equifax Workforce Solutions (EWS) which provides employers with the ability to meet reporting requirements imposed by the Affordable Care Act (ACA).

  
Paul Angulo, CPA, M.A.  
Riverside County Auditor-Controller

  
Michael T. Stock  
Asst. County Executive Officer/  
Human Resources Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 116,800	\$ 0	\$ 116,800	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	

<b>SOURCE OF FUNDS:</b> Departmental Budgets	<b>Budget Adjustment:</b> No
	<b>For Fiscal Year:</b> 2015/16-16/17

**C.E.O. RECOMMENDATION:** APPROVE  
BY:   
Lani Sioson

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

PURCHASING & FLEET SERVICES: Lisa Brandl, Director  
 FORM APPROVED COUNTY COUNSEL BY: Anita C. Willis 9-9-15  
 DATE: ANITA C. WILLIS  
 Departmental Concurrence

- A-30
- 4/5 Vote
- Positions Added
- Change Order

Prev. Agn. Ref.: \_\_\_\_\_ District: All Agenda Number: \_\_\_\_\_

3-16

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA  
FORM 11: [District- All] [Total Cost - \$116,800] [SOURCE OF FUNDS - Human Resources and  
Auditor Controller Department Budgets]**

**BACKGROUND:**

**Summary**

Effective January 1, 2015, all large employers such as the County who employ 50 or more employees are mandated by the ACA to start offering minimum essential health coverage to all of its full-time employees and their dependents, which will include Regular and Temporary employees. Additionally, the County is required to report information to the Internal Revenue Service (IRS) that demonstrates compliance with the employer shared responsibility provisions of the ACA. The shared responsibility provisions are covered under Section 6056 of the Internal Revenue Code (IRC), which includes a requirement for employers to report information to the IRS about the health coverage the County offers to its full-time employees starting with Calendar Year 2015.

The required information must be submitted to the IRS by February 28, 2016 (March 31st, if filed electronically) of the year following the calendar year in which coverage is provided, and the required individual statement must be provided by January 31 of the year following the calendar year in which coverage is provided. The County is required to file Form 1094-C and Form 1095-C on behalf of all full-time employees offered coverage. Additionally, the County must furnish each employee with a hardcopy Form 1095-C by mail.

Although the data needed to satisfy the ACA reporting requirement is maintained by Human Resources, the responsibility for filing such IRS forms falls under the jurisdiction of the Auditor-Controller's Office (ACO). While researching this new ACA requirement, Human Resources discovered the County does not have sufficient technical functionality/reporting capabilities in place with the current PeopleSoft HRMS system to complete the IRS reporting and administrative requirements. As a result, the Human Resources Department and the ACO collaborated to search for an alternative solution to assist the County in being compliant with this new mandate. The Human Resources Department and the ACO recommend contracting with a third-party administrator (TPA) who offers ACA reporting services. Due to the ACA being a new requirement, few TPA's providing this specific service exist. The County contacted the other known TPAs, but was unsuccessful in being able to obtain similar scope of services and competitive pricing information from the other known TPAs. However, TALX was proficient in its effort to provide the County with information to move forward with meeting the reporting requirement.

The penalty for failure to file a Form 1095-C is \$250 per employee. The County has 20,000 plus employees. Based on the County's employee population, the County could incur the maximum penalty amount of \$3 Million. The penalties for failing to comply with this mandate are quite expensive compared to the cost of purchasing reporting services through TALX.

**Impact on Residents and Businesses**

None

**SUPPLEMENTAL:**

**Additional Fiscal Information**

The vendor provided a 16.67% reduction on its ACA Management Platform fees. This reduction equates to a \$12,000 reduction in price for the ACA Management Platform service. Additionally, the provider also reduced its standard annual increase in fees from 5% to 3%.

**Contract History and Price Reasonableness**

The County has worked with TALX Corporation as a vendor since 2005 and currently has at least two additional service contracts in place to conduct business with TALX. TALX was immediately open to offering a reduction in its services to the County since we are an existing customer.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA  
FORM 11: [District- All] [Total Cost - \$116,800] [SOURCE OF FUNDS - Human Resources and  
Auditor Controller Department Budgets]**

TALX is one of the premier vendors for this required reporting service and has been selected as the vendor of choice by the State of California to assist the State with the same reporting requirement.

Based on the cost to implement this function in-house for this first year, the County would not have been able to perform this function at the price TALX has offered. Based, on the software cost needed to perform this requirement, the cost of this contract is quite reasonable.

**ATTACHMENTS:**

- A. Fifth Amendment to the TALX Universal Service Agreement, including Schedule A - ACA Management Platform, Exhibit 1 - Fees; and Schedule B - ACA Management Platform, Management Platform Description Overview; and Schedule A - ACA Tax Form Service, Service Provider, Term and Fees for Services; Schedule A - ACA Tax Form Service, Exhibit 1 - Fees; and Schedule B - ACA Tax Form Service, Service Description Overview

## FIFTH AMENDMENT TO THE TALX UNIVERSAL SERVICE AGREEMENT

This Fifth Amendment to the TALX Universal Service Agreement ("Amendment") is made and entered into by and between TALX Corporation ("TALX"), a Missouri corporation, and the County of Riverside ("Client"), a political subdivision of the State of California, and is effective as of November 1, 2015 ("Effective Date").

WHEREAS, the parties have previously entered into the Universal Service Agreement dated February 1, 2011 ("Agreement"), which included as part of the Agreement: Schedule A - The Work Number, Service Provider, Terms and Fees for Services, Schedule A - The Work Number, Exhibit 1 - Fees, and Schedule B - The Work Number, Service Description Overview; and,

WHEREAS, the parties desires to modify the Agreement as specified herein;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein, the parties agree as follows:

1. The third sentence of Section 2.0 Term of the Agreement shall be deleted in its entirety and replaced with the following:

"The parties may renew this Agreement in successive one (1) year increments by mutual written amendment. Any renewal of this Agreement may not extend beyond December 31, 2016."

2. The following Schedules, which are attached to this Amendment and incorporated herein by this reference, shall be included in and made part of the Agreement effective as of November 1, 2015:

a. SCHEDULE A - ACA TAX FORM SERVICE, SERVICE PROVIDER, TERM AND FEES FOR SERVICES; SCHEDULE A - ACA TAX FORM SERVICE, EXHIBIT 1 - FEES; and SCHEDULE B - ACA TAX FORM SERVICE, SERVICE DESCRIPTION OVERVIEW.

b. SCHEDULE A - ACA MANAGEMENT PLATFORM, SERVICE PROVIDER, TERM AND FEES FOR SERVICES; SCHEDULE A - ACA MANAGEMENT PLATFORM, EXHIBIT 1 - FEES; and SCHEDULE B - ACA MANAGEMENT PLATFORM, MANAGEMENT PLATFORM DESCRIPTION OVERVIEW.

3. All other terms of the Agreement are to remain in full force and effect.

4. Each party certifies that the individual signing below has the authority to execute this Amendment on behalf of such party, and may legally bind such party to the terms and conditions of this Amendment, including the attachments hereto.

**IN WITNESS WHEREOF**, the parties hereto have executed this Amendment effective as of the Effective Date.

**ATTEST:**  
Clerk to the Board  
Kecia Harper-Ihem

**COUNTY OF RIVERSIDE:**

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Chairman, Board of Supervisors

Date \_\_\_\_\_

Date \_\_\_\_\_

Approved as to Form:

Gregory P. Priamos  
County Counsel

By \_\_\_\_\_  
Deputy County Counsel

**TALX Corporation,**  
**A Missouri corporation**

**County of Riverside-Purchasing**

By \_\_\_\_\_

By \_\_\_\_\_

Printed Name \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

## SCHEDULE A – ACA MANAGEMENT PLATFORM

### SERVICE PROVIDER, TERM AND FEES FOR SERVICES

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**Client Name:** County of Riverside (“Client”)

**Effective Date:** November 1, 2015

The ACA Management Platform and corresponding Activation Services (as described in Schedule B hereto) (the “Management Platform”) is a software product that provides employers with reports and dashboards that empower them to analyze data relevant to their compliance with the Patient Protection and Affordable Care Act regulations. The Management Platform is provided by TALX Corporation (provider of Equifax Workforce Solutions), a Missouri corporation (“EWS”). EWS shall provide the Management Platform in accordance with the Universal Service Agreement (the “Agreement”) dated **February 1, 2011**, this Schedule A, and Schedule B (which are part of the Agreement) utilizing the employment information supplied by and on behalf of Client. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement.

- 1) **Scope of Undertaking:** EWS shall provide the Management Platform in relation to Client’s group medical health plans, which may or may not be “employee welfare benefit plans,” within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974 (ERISA) (“Plans”), as more specifically set forth in Schedule B. The Management Platform is designed to assist Client in understanding its options with respect to its Plans under the employer shared responsibility provisions of Internal Revenue Code Section 4980H and related issues under the Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148, and the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, and the regulations and guidance issued thereunder (“PPACA”).
- 2) **Term:** These Schedules A and B shall be for the term commencing on the Effective Date above through December 31, 2016.
- 3) **Termination:** Either party may terminate these Schedules A and B if the other party has materially breached the Agreement, provided that the party claiming breach must give the other party at least thirty (30) days prior written notice in which to cure the breach before terminating these Schedules A and B. Notwithstanding anything to the contrary, this Schedule A and B may not be terminated for convenience.
- 4) **Payment Terms and Fees:** All prices and fees for the Management Platform performed under these Schedules A and B are stated in Exhibit 1 - Fees, attached hereto and made part of this Schedule A.
  - All One-Time Fees in Schedule A – Exhibit 1 – Fees will be invoiced upon execution of this Agreement.
  - All Annual Fees in Schedule A – Exhibit 1 – Fees will be invoiced on November 1, 2015.
  - EWS shall submit invoices to Client based upon the rates set forth in Schedule A – Exhibit 1 – Fees. Invoices are due within 30 days of Client’s receipt of the invoices.
  - Payments not received within forty-five (45) days of invoice will bear interest at a rate of 1.5% per month. This interest rate will apply to the unpaid fees.
  - Except to the extent that Client has provided an exemption certificate, direct pay permit, or other such appropriate documentation, EWS shall add to each invoice any sales, use, excise, value-added, gross receipts, services, consumption, and other similar transaction taxes, however designated, that are properly levied by any taxing authority upon the provision of the Management Platform to the extent the law requires the Client to pay for such taxes. EWS shall not include in the invoice any state or local privilege or franchise taxes, taxes based upon EWS’s net income, any taxes or amounts in lieu thereof paid or payable by EWS as a result of the foregoing excluded items, and/or any taxes which the Client is not required by law to pay.
  - All fees are in U.S. dollars.
- 5) **Data:** Client acknowledges that Client is solely responsible for the quality of the Data provided by Client or by a third-party on behalf of Client. Client will validate the completeness and accuracy of all Data prior to submitting to EWS. EWS may use depersonalized Client Data to perform analytics, modeling and/or demographic studies. Depersonalized Client Data shall not include any information that individually, or collectively, could be used to specifically identify either Client or Client’s employees.
- 6) **Activation:** Client acknowledges that it must undertake certain steps for the Management Platform to be provided correctly and timely, including, without limitation, providing Data in a proper format, undergoing testing procedures, and assisting with the associated Activation Services. Client agrees to fully cooperate with EWS to activate the Management Platform. EWS shall have no liability with regard to any errors that result from Client’s failure to timely provide Data (or update Data) accurately and completely and in the format required by EWS. EWS shall be responsible and liable for any errors that are caused solely by EWS and/or caused in part by EWS to the extent thereof.
- 7) **Responsibilities:** Client understands that EWS is not a law firm and EWS has not and cannot provide legal advice to Client or the Plan concerning any legal issues associated with the Management Platform. Client is responsible for compliance with all applicable federal, state and local laws and regulations, including, but not limited to, compliance with PPACA. EWS is responsible for compliance with all applicable laws and regulations relating to EWS’ provision of services to the Client under these Schedules A and B. Client is responsible for validating the completeness and accuracy of all Data.

## SCHEDULE A – ACA MANAGEMENT PLATFORM

### SERVICE PROVIDER, TERM AND FEES FOR SERVICES

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Client is responsible for working with its legal counsel and/or health care consultants to develop and implement any strategies (tax, legal or otherwise), and to make all determinations regarding whether to offer coverage under its Plans and to whom coverage should be offered, in response to Data or information developed as part of the Management Platform, and to monitor and comply with any applicable laws, regulations and guidance (formal or informal) that affect the Management Platform and/or the Client's Plans. Client understands that Client's failure to follow any established parameters of the Management Platform may materially affect the risks and liabilities associated with any development and implementation of any strategies based on the Management Platform.

Client acknowledges that EWS is not providing tax or legal advice and that EWS is not responsible for determining the legal and tax status of the Management Platform and/or the Client's Plans. EWS does not have authority to control terms of the Plans, the legal compliance of the Plans, the administration of the Plans or any act or omission or breach of duty by Client related to the Plans. In addition, EWS does not assume any financial risk or obligation with respect to the Plans. Nothing herein shall be deemed to constitute EWS as a party to the Plans or to confer upon EWS any discretionary authority, responsibility or control concerning or with respect to management of the Plans, administration of the Plans or operation of the Plans.

Nothing in this Schedule shall be deemed to impose upon EWS any obligation to any employee of Client or any person who is participating in the Plans. EWS is and shall remain an independent contractor with respect to the Management Platform and shall not for any purpose be deemed an employee of Client. Nor shall EWS and Client be deemed partners, engaged in a joint venture or governed by any legal relationship other than that of independent contractor.

- 8) **Third Party Indemnification.** In addition to indemnification obligations set forth elsewhere in the Agreement, and to the extent allowed by law, Client hereby agrees to indemnify, defend or pay the cost of defense, and hold EWS harmless with regard to any third party claims, actions, demands, damages, liabilities, costs and expenses as a result of any action arising out of or relating to (i) any premium charge, tax, penalty, payment or similar assessment (federal, state or local), for which Riverside County Exclusive Care Plan or Client are liable, through no fault of EWS, including, but not limited to, any assessable payment or tax under Section 4980H or Section 4980D of the Internal Revenue Code, or any provision of PPACA, (ii) Client's violation of laws or regulations applicable to Riverside County Exclusive Care Plan, and (iii) any of Client's responsibilities as set forth in Paragraph 7 of this Schedule.

In addition to indemnification obligations set forth elsewhere in the Agreement, and to the extent allowed by law, the parties each agree to indemnify, defend or pay the cost of defense, and hold the other harmless with regard to any third party claims, actions, demands, damages, liabilities, penalties, costs and expenses as a result of any action arising out of or relating to (i) the indemnifying party's violation of applicable laws or regulations, (ii) in the instance of EWS as the indemnifying party, EWS' provision of services under these Schedules A and B, and (iii) any of the indemnifying parties' respective obligations set forth in these Schedules A and B.

The indemnified party shall promptly notify the indemnifying party of any claims or actions which arise and for which indemnification is sought. With respect to any action or claim subject to indemnification herein, the indemnifying party shall, at its sole cost, have the right to use counsel of its own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of the indemnified party; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes the indemnifying party's indemnification to the indemnified party as set forth herein. The indemnifying party's obligation hereunder shall be satisfied when the indemnified party has received the appropriate form of dismissal relieving the indemnified party from any liability for the action or claim involved.

The specified insurance limits set forth in Section 10.14 of the Agreement shall in no way limit or circumscribe EWS' obligations to indemnify and hold harmless Client from third party claims. The limitation of liability provisions set forth in Section 9.1 of the Agreement shall in no way limit or circumscribe the indemnifying party's obligations to indemnify and hold harmless the indemnified party from third party claims for the indemnifying party's intentionally wrongful acts and/or grossly negligent acts.

This Paragraph shall survive termination of these Schedules A and B and/or the Agreement.

- 9) **No Third Party Beneficiaries:** Nothing express or implied in this Schedule A or Schedule B is intended to confer, and nothing herein shall confer, upon any person, including any Plan participant, other than the parties hereto, any rights, remedies, obligation or liabilities whatsoever.

**Schedule A and Schedule B shall be binding on the parties upon the date last executed below and effective as of the Effective Date.**

[SIGNATURES ON FOLLOWING PAGE]

**SCHEDULE A – ACA MANAGEMENT PLATFORM**

**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**IN WITNESS WHEREOF**, the parties hereto have executed these Schedules A and B effective as of the Effective Date.

**ATTEST:**  
Clerk to the Board  
Kecia Harper-Ihem

**COUNTY OF RIVERSIDE:**

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Chairman, Board of Supervisors

Date \_\_\_\_\_

Date \_\_\_\_\_

Approved as to Form:

Gregory P. Priamos  
County Counsel

By \_\_\_\_\_  
Deputy County Counsel

**TALX Corporation, a Missouri corporation**  
provider of Equifax Workforce Solutions

**County of Riverside-Purchasing**

By \_\_\_\_\_

By \_\_\_\_\_

Printed Name \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_



## SCHEDULE A—ACA MANAGEMENT PLATFORM

### EXHIBIT 1—FEES

#### Subscription Schedule

The ACA Management Platform is being provided on a subscription basis, billed annually. The subscription fees shall be in the amounts set forth below and the change in fees will take place on each anniversary of the Effective Date. Invoices for renewing annual fees will be billed sixty (60) days prior to the start of the annual term. Invoices for all Year 1 fees will be generated upon execution of this Agreement.

**The terms, conditions and pricing contained in these Schedules A and B are subject to Client's prompt execution and delivery of these Schedules A and B to EWS. In the event Client does not execute and deliver these Schedules A and B prior to the Effective Date stated above, these Schedules A and B and all the terms, conditions and pricing contained herein shall be void.**

Annual Fees will increase annually from the prior year total at a rate of 3%

Description	Qty	Unit Price	Year 1 Total
<b>Annual Fees</b>			
ACA Management Platform <i>Includes 99 Data Viewer licenses and 4 Data Explorer licenses. Fee is calculated on a per employee, per year (PEPY) basis. Value in the Qty field reflects the number of people Client employs. The minimum annual fee for the Management Platform is \$10,000.</i>	20,000	\$3.00	\$60,000
Additional Data Explorer Licenses	-	\$379	\$0
Additional Data Viewer Licenses	-	\$99	\$0
Additional Annual Support Incidents (Block of 25 incidents) <i>Unused incidents will not expire at the end of the year. EWS will carry over the unused block incidents from prior calendar years.</i>	-	\$995	\$0
<b>Sub-Total Annual Fees</b>			<b>\$60,000</b>
<b>One-Time Fees for Activation Services</b>			
Management Platform Activation Service	1	\$15,000	\$15,000
IRS Reporting Activation Service	1	\$10,000	\$10,000
Additional Data File Service (Optional Service) <i>Value in the Qty field indicates the number of additional files Client will be providing above what is defined in the Management Platform Activation Service.</i>	-	\$1,500	\$0
Dynamic Controlled Group & Employee Category Activation Service (Optional Service)	-	\$10,000	\$0
Organizational Security Activation Service (Optional Service)	-	\$10,000	\$0
<b>Sub-Total One-Time Fees</b>			<b>\$25,000</b>
<b>Grand Total</b>			<b>\$85,000</b>

#### Terms & Conditions

Client agrees and understands the tasks associated with the Activation Services ("Activation Service Tasks") in Schedule B are scheduled to be delivered over a period of no more than sixty (60) business days. If any such Activation Service Tasks fails to be completed within sixty (60) business days of EWS contacting Client to begin the Activation Service Tasks, through no fault of EWS, all Activation Service Tasks will be considered delivered and complete, and all fees associated with the Activation Service Tasks will be considered due and earned. In consideration of EWS' additional effort to continue delivering Activation Service Tasks, Client will pay EWS 33.33% of the total One-Time Fees for Activation Services for each additional twenty (20) business day period, or portion thereof, following the completion of the initial sixty (60) business days period. Client will be invoiced every twenty (20) business days for this additional fee. By way of example, if Activation Service Tasks are completed seventy (70) business days after EWS contacts Client to begin Activation Service Tasks, and the total One-Time Fees for Activation Services were \$10,000, Client would pay EWS \$13,333.33 for the One-Time Fees for Activation Service Tasks.

Client has the option to place the Activation Service Tasks on-hold, for a maximum of thirty (30) business days, at any time during the sixty (60) business day period. On the sooner of the thirty-first (31) business day, or Client asking to restart the Activation Service Tasks, the sixty (60) business day counter will resume. Client understands that during the time the Activation Service Tasks are on-hold, the EWS resources assigned to the Activation Service Tasks will not be available to Client.

## SCHEDULE B – ACA MANAGEMENT PLATFORM

### SERVICE PROVIDER, TERM AND FEES FOR SERVICES

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#### ACA Management Platform

##### Platform Description

The ACA Management Platform (“Management Platform”) is a hosted application that uses Client’s employee Data to assist Client with certain aspects of the Patient Protection and Affordable Care Act. Specifically, the Management Platform will assist Client with the following:

##### *Eligibility and Affordability*

The Management Platform will calculate Client employees’ full-time status under the look-back and/or the monthly measurement method set forth in Internal Revenue Code (IRC) Section 4980H and the regulations and guidance issued thereunder. Calculations performed by the Management Platform include, but are not limited to:

1. The date an employee’s initial measurement period starts and ends.
2. The date an employee’s initial stability period starts and ends.
3. The date an employee’s current standard measurement period starts and ends.
4. The date an employee’s current standard stability period starts and ends.
5. The hours of service an employee has provided during their initial measurement period.
6. The hours of service an employee has provided during the current standard measurement period.
7. Calculation of an employee’s full-time/part-time status upon completion of an applicable initial or current standard measurement period.
8. Calculation of whether an employee is trending full-time or trending part-time based on the hours of services provided in their current measurement period.
9. Whether an employee will be treated as a continuing employee or a new employee based on consecutive weeks without service and/or the Rule of Parity.
10. Estimate the maximum required contribution for the Client’s lowest cost, self-only coverage for each employee under the Federal Poverty Line, Rate of Pay, and W-2 Affordability Safe Harbor methods

##### *IRS Reporting*

The Management Platform will support the collection and configuration of Data fields required to comply with the reporting requirements under IRC 6055 and 6056. Information stored by the Management Platform includes, but are not limited to:

1. The date an employee was offered coverage, if eligible for benefits.
2. The employee’s response to the offer of coverage.
3. The health plan selected by the employee and the plan’s cost.
4. The dependents covered by the health plan, if any.
5. The lowest cost plan available to the employee.

In addition to the information stored by the Management Platform, the Management Platform will support the following functions:

1. Ability to export Data from the Management Platform for the purpose of populating form 1095-C and/or 1095-B for their employees.
2. Ability to transmit Data to the IRS for the purpose of delivering form 1094.

EWS will offer fulfillment functions to support print and electronic distribution of form 1095 B/C to applicable employees, retirees, and COBRA participants. Should Client elect to use EWS for fulfillment, the pricing provided for the Management Platform expressly excludes any costs associated with fulfillment, including but not limited to printing and postage. Should Client choose to use a vendor other than EWS for fulfillment functions Client will be responsible for exporting their data to a file and providing their preferred fulfillment partner with that data file. EWS assumes no liability for any failures of Client’s fulfillment vendor other than EWS.

Each of the items listed above may require that Client and EWS agree to certain standard parameters and rules, including the measurement periods, administrative periods and stability periods that will be used by the Client and/or its Plans. In other cases, the Management Platform may provide alternative parameters and rules that may be used by the Client and/or its Plans. However, in all cases, the functionality of the Management Platform will be limited by the parameters, rules, alternatives and options that the Management Platform currently uses and is designed to permit as of a given time to address the issues listed above. See Service Activation Tasks below for additional rules and limitations.

## SCHEDULE B – ACA MANAGEMENT PLATFORM

### SERVICE PROVIDER, TERM AND FEES FOR SERVICES

#### Platform License Types

Each user of the Management Platform must be assigned a license to the Management Platform. The number of licenses available to Client, by type, is specified in Schedule A, Exhibit 1. Listed below is the functionality associated with each type of license:

<b>End-User Licenses</b>	<b>Description</b>
Data Viewer Licenses	The following functions are available to holders of a Data Viewer license: <ul style="list-style-type: none"><li>• View DataBooks and Dashboards</li><li>• Print Databooks to a PDF</li><li>• Create a Favorites folder</li><li>• Drill-down into visualizations</li></ul>
Data Explorer Licenses	In addition to the rights available to Data Viewers, the following functions are available to holders of a Data Explorer license: <ul style="list-style-type: none"><li>• Create, edit, and delete user-created DataBooks</li><li>• Create, edit, and delete user-created Excerpts</li><li>• Create, edit, and delete user-created Dashboards</li><li>• Create, edit, and inactivate user-created user accounts</li></ul>

#### Platform Support

During the term of Client's subscription, Client will be permitted to contact EWS for support with the Management Platform. EWS will provide support to Client per the following terms and conditions:

1. Client will identify the people that may contact EWS for assistance with the Management Platform ("named contacts"). The number of named contacts shall not exceed the number of Data Explorer licenses owned by Client and each named contact must be licensed as a Data Explorer in the Management Platform
2. Client may log a total of 12 support incidents, annually, plus any additional incidents purchased by Client as outlined in Schedule A, Exhibit 1 or in an amendment to this Agreement. If a support incident is determined to be a result of a defect in the Management Platform, the incident will not be counted against Client's available support incidents. Additional support incidents are available for purchase as outlined in Schedule A, Exhibit 1 at any time.
3. Should Client's support incident be in relation to an issue with Client's Data in the Management Platform:
  - a. Should a Client-provided Data file fail to successfully load into the Management Platform, through no fault of EWS, Client will be charged an hourly rate of \$253 per hour for all efforts associated with identifying the cause of the failure and implementing a solution to ensure that valid Data is loaded to the Management Service. Client will be notified prior to EWS charging Client for these efforts.
  - b. Should the Data in Client-provided Data file change in a way that impacts the operation or accuracy of the Management Service, through no fault of EWS, Client will be charged an hourly rate of \$253 per hour for all efforts associated with restoring the operation and accuracy of the Management Service to an accurate and operational state. Client will be notified prior to EWS charging Client for these efforts.
  - c. Should Client determine the Data in the Management Platform is in some way inaccurate or incomplete, through no fault of EWS, Client will be charged an hourly rate of \$253 per hour for all efforts associated with assisting Client with replacing and/or updating the Data in the Management Platform. Client will be notified prior to EWS charging Client for these efforts.

To the extent that EWS caused any of the incidents described above, through no fault of Client, EWS shall promptly take all necessary actions, at no cost to the Client, to implement a solution to ensure that valid Data is loaded to the Management Service, to restore the operation and accuracy of the Management Service, and/or to assist Client with replacing and/or updating the Data in the Management Platform. Client is responsible for validating the completeness and accuracy of all Data.

#### Assumptions

1. Client understands the Data in the Management Platform is not updated in real-time and, at the very least, will be one day older than the date Client provided Data to EWS.
2. Client understands the accuracy and completeness of the Data loaded into the Management Platform is directly impacted by the accuracy and completeness of the Data provided by or on behalf of Client.
3. Client understands that updates to the Management Platform may cause certain client-created analyses to no longer be available. A "client-created analysis" is any DataBook that is created by Client, or that is created by Client under the direction of EWS, or that is created by EWS on behalf of Client. Prior to EWS' implementation of updates and/or modifications to the Management Platform, EWS shall provide at least thirty (30) days written notice to Client or as soon as reasonably practicable.
4. All applicable assumptions set forth in Schedule A and this Schedule B apply.

**SCHEDULE B – ACA MANAGEMENT PLATFORM**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**Management Platform Activation Service**

Description

The Management Platform Activation Service (“Platform Activation Service”) allows EWS to enable the Management Platform for use by Client. Activation includes installing the Management Platform in the EWS hosted environment, and configuring the Management Platform to process Client’s employee Data.

Activation Service Tasks

EWS will perform the following tasks in delivering the Platform Service:

1. Install one instance of the Management Platform, for use by Client, in the EWS hosting Data center.
2. Configure the Management Platform to use the Client’s employee Data.
3. Configure the Management Platform with applicable controlled groups, employee categories and other Client-provided values necessary to activate the Management Platform. This is a one-time configuration. EWS will have no responsibility for ensuring the Client-provided values conform to any applicable laws or regulations.
4. For each of the employee categories, configure the Management Platform with additional Client-provided values including, but not limited to, average lowest cost plan amount, measurement method, measurement period start date, measurement period duration, stability period start date, stability period duration.
5. Provide Client with dates and times for Management Platform training webinars as well as enrollment instructions. The webinar trainings can be attended as often as Client needs to develop proficiency with the Management Platform. However, it is the responsibility of the Client to ensure training is completed. Completion of Activation Service Tasks will not be dependent on Client’s completion of Management Platform training.

Assumptions

1. The Platform Activation Service will be delivered using EWS’s project management methodology. Client acknowledges the Platform Activation Service is a fixed fee service and agrees to adhere to the timelines and milestones established during the initial kick-off call.
2. Client understands that Client may be required to send leave of absence Data (including, but not limited to, leave under the Family and Medical Leave Act of 1993, under the Uniformed Services Employment and Reemployment Rights Act of 1994, for jury duty and for employment break periods) directly to the Management Platform.
3. Client will provide Data in a Comma-Separated-Value (CSV) file format.
4. Client will validate all Data extracts prior to delivering to EWS.
5. Client will provide Data files in the format defined in the Management Platform file specification.
6. Data will be reloaded a maximum of three (3) times during the activation of the Management Platform to accept Client-provided Data files. Additional loads of Client Data during delivery of the Platform Activation Service will result in EWS charging Client for continued efforts at a rate of \$1,500 per file, per load. Client will be notified prior to EWS charging Client for these efforts.
7. Client understands that once the Platform Activation Service is complete, should the PPACA regulations or EWS’s interpretation of the PPACA regulations require a change to the Management Platform file specifications, Client may be required to purchase additional Activation Services to ensure the Management Platform continues to properly function. Client will be given at least ninety (90) days’ written notice of any changes to the file specification and any additional cost prior to EWS charging Client for these efforts.
8. Client understands that EWS may make enhancements to the Management Platform that result in new, optional functionality being made available to Client and that functionality may result in optional Data requirements being added to the Management Platform file specifications. Should this functionality be made available after the Platform Activation Service is complete, and should Client desire to use this optional functionality, Client may be required to purchase additional Activation Services.
9. Unless Client has purchased the Dynamic Group Activation Service, new controlled groups and/or employee categories will result in Client incurring a change fee. The Change Fee will be commensurate with the effort required. Client will be given at least 90 days written notice of the Change Fee prior to EWS charging Client.
10. Unless Client has purchased the Organizational Security Activation Service, all users with access to the Management Platform will be able to see all Data in the Management Platform.
11. EWS will configure a maximum of four (4) user accounts for the Management Platform. EWS shall provide training and instructions to Client to configure the user accounts for the Management Platform. Client will be responsible for configuring all other user accounts. Client will be responsible for ongoing changes to accounts, password resets, etc.
12. All applicable assumptions set forth in Schedule A and this Schedule B apply.

## SCHEDULE B – ACA MANAGEMENT PLATFORM

### SERVICE PROVIDER, TERM AND FEES FOR SERVICES

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#### **IRS Reporting Activation Service**

##### Description

The IRS Reporting Activation Service (“IRS Activation Service”) allows EWS to enable the Management Platform to provide Client with certain Data elements required for IRS 6055 and 6056 reporting. Activation includes, but is not limited to, configuring the Management Platform to accept additional Data files containing Data elements not required by the Management Platform Activation Service.

##### Activation Service Tasks

EWS will perform the following tasks in delivering the IRS Activation Service:

1. Configure the Management Platform to use Client’s benefits offer and enrollment Data. This is a one-time configuration. EWS will have no responsibility for ensuring Client-provided Data values conform to any applicable laws or regulations.
2. Provide Client with dates and times for Management Platform training webinars as well as enrollment instructions. The webinar trainings can be attended as often as Client needs to develop proficiency with the Management Platform. However, it is the responsibility of Client to ensure training is completed. Completion of Activation Service Tasks will not be dependent on Client’s completion of Management Platform training.

##### Assumptions

1. Client will provide Data files in the format required by EWS.
2. Client will provide Data in a Comma-Separated-Value (CSV) file format.
3. Client will validate all Data extracts for completeness and accuracy prior to delivering to EWS. Full Data validation is required to occur prior to the Data being submitted.
4. Data will be reloaded a maximum of three (3) times during the activation process. Additional loads of Client Data during delivery of the IRS Activation Service will result in EWS charging Client for continued efforts at a rate of one-thousand five hundred dollars (\$1,500) per file, per load. Client will be notified in advance of EWS charging Client for these efforts.
5. Client understands that once the IRS Activation Service is complete, should the PPACA regulations or EWS’s good faith interpretation of the PPACA regulations require a change to the IRS Activation Service file specifications, Client may be required to purchase additional Activation Services to ensure the Management Platform continues to properly function and remain compliant. Client will be given at least ninety (90) days advance written notice of any changes to the file specification and any additional cost prior to EWS charging Client for these efforts.
6. Unless Client has purchased the Organizational Security Activation Service, all users with access to the Management Platform will be able to see all Data in the Management Platform.
7. All applicable assumptions set forth in Schedule A and this Schedule B apply.

#### **Additional Data Files Activation Service (Optional Service)**

##### Description

If purchased, the Additional Data File Activation Service (“File Service”) allows Client to provide Data to the Management Platform in multiple files, each of which will adhere to the same specifications set forth in the Platform Activation service and no variations in format are permissible between files. For example, if Client has multiple payroll systems, Client may find it easier to provide Data from each payroll system individually instead of combining Data into the files described in the Platform Activation Service. The number of additional files Client will be providing will be specified in the Quantity field of the pricing grid in Schedule A – Exhibit 1 on the “Additional Data Files Activation Service” line item.

##### Service Delivery Tasks

EWS will perform the following tasks in delivering the File Service:

1. Configure the Management Platform to import the additional Data files provided by Client.

##### Assumptions

1. All Data and file assumptions specified in the Platform Activation Service and /or the IRS Activation Service apply to the Additional Data File Activation Service.
2. All applicable assumptions set forth in Schedule A and this Schedule B apply.

## SCHEDULE B – ACA MANAGEMENT PLATFORM

### SERVICE PROVIDER, TERM AND FEES FOR SERVICES

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#### Dynamic Controlled Group and Employee Activation Service (Optional Service)

##### Description

If purchased, the Dynamic Controlled Group and Employee Activation Service (“Group Service”) allows Client to automatically add new, or edit existing, controlled groups and/or employee categories once the Platform Activation Service is completed.

##### Service Delivery Tasks

EWS will perform the following tasks in delivering the Group Service:

1. Configure the Management Platform to dynamically create and update controlled groups and/or employee categories.
2. Import a maximum of 2 file to manage the configuration of controlled groups.
3. Import a maximum of 2 file to manage the configuration of employee categories.

##### Assumptions

1. EWS will configure the Management Platform to add and update controlled groups and employee categories, and associate employees with categories, based on the Client-provided values. EWS will have no responsibility for ensuring the Client-provided values conform to any applicable laws or regulations.
2. All applicable assumptions set forth in Schedule A and this Schedule B apply

##### **Modification to the Service Description Overview**

EWS reserves the right to modify the Management Platform from time to time, provided that any such modification applies in an identical manner to all other clients of the Management Platform and the changes made will only enhance and not reduce the quality of the Management Platform. If the modification shall be a substantial change from this Service Description Overview, EWS shall provide notice of the change to Client. A substantial change shall be a change which is inconsistent with this Service Description Overview. A change that does not alter functionality of the Management Platform, such as a change for upgraded security of Data, is not a substantial change. Client may terminate this Schedule A and B by notice given to EWS within sixty (60) days after notice of an amendment to the Service Description Overview, and termination shall be effective ninety (90) days after notice is provided unless Client provides for an earlier or later effective date of termination in the notice of termination. Absence of such termination shall constitute Client’s agreement to the modified Service Description Overview. EWS agrees that any modification to this Service Description Overview shall not alter and/or conflict with any provisions in the Agreement. If any modification by EWS to the Service and/or the Service Description Overview will result in any additional costs to the Client for the term of these Schedules A and B, EWS agrees to provide 60 days prior written notice to the Client and such written notice shall state the additional cost to the Client.

**SCHEDULE A – ACA TAX FORM SERVICE**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**Client Name:** County of Riverside (“Client”)

**Effective Date:** November 1, 2015

The ACA Tax Form Service and corresponding Activation Services (as described in Schedule B hereto) (the “Service”) is an automated tax statement service that will enable authorized current and former employees (each an “Employee”) of Client to have automated access to federal tax form 1095-C (the “Employee Tax Form”) and for Client to transmit tax form 1094-C to the United States (US) Internal Revenue Service (IRS). The Service is provided by TALX Corporation (provider of Equifax Workforce Solutions), a Missouri corporation (“EWS”). Client authorizes EWS as its authorized agent to provide the Service. EWS shall provide the Service in accordance with the Universal Service Agreement (“Agreement”) dated **February 1, 2011**, this Schedule A and Schedule B (which are part of the Agreement) utilizing the tax form information supplied by and/or on behalf of Client. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Agreement.

- 1) **Term:** These Schedules A and B shall be for the term commencing on the Effective Date above through December 31, 2016. Invoicing for tax years shall be as set forth under Payment Terms.
- 2) **Termination:** Either party may terminate these Schedules A and B if the other party has materially breached the Agreement, provided that the party claiming breach must give the other party at least thirty (30) days prior written notice in which to cure the breach before terminating these Schedules. Notwithstanding anything to the contrary, this Agreement may not be terminated for convenience.
- 3) **Payment Terms:** All prices and fees for the Service performed under these Schedules A and B are as stated in Exhibit 1 - Fees, attached hereto and made part of this Schedule A.
  - All One-Time Fees in Schedule A – Exhibit 1 – Fees will be invoiced upon execution of this Agreement.
  - All Annual Fees in Schedule A – Exhibit 1 – Fees will be invoiced on November 1, 2015.
  - All Per-Form Fees in Schedule A – Exhibit 1 – Fees will be invoiced in February 2016. Fees are based on the number of Tax Form 1095-Cs processed by the Service for the current tax year. A minimum charge of \$2,500 will apply.
  - If applicable, any postage and/or shipping charges will be invoiced in April 2016.
  - EWS shall submit invoices to Client based upon the rates set forth in Schedule A – Exhibit 1 – Fees. Invoices are due within 30 days of Client’s receipt of the invoices.
  - Payments not received within forty-five (45) days of invoice will bear interest at a rate of 1.5% per month. This interest rate will apply to the unpaid fees.
  - Except to the extent that Client has provided an exemption certificate, direct pay permit, or other such appropriate documentation, EWS shall add to each invoice any sales, use, excise, value-added, gross receipts, services, consumption, and other similar transaction taxes, however designated, that are properly levied by any taxing authority upon the provision of the Service to the extent the law requires the Client to pay for such taxes. EWS shall not include in the invoice any state or local privilege or franchise taxes, taxes based upon EWS’s net income, and any taxes or amounts in lieu thereof paid or payable by EWS as a result of the foregoing excluded items, and/or any taxes which the Client is not required by law to pay.
  - All fees are in U.S. dollars.
- 4) **Data:** Client acknowledges that Client is solely responsible for the quality of the Data provided by Client or by a third-party on behalf of Client. Client will validate the completeness and accuracy of all Data prior to submitting to EWS. EWS may use depersonalized Client Data to perform analytics, modeling and/or demographic studies. Depersonalized Client Data shall not include any information that individually, or collectively, could be used to specifically identify either Client or Client’s employees.
- 5) **Master File:** Client acknowledges that it shall maintain full responsibility for maintenance, storage, and production of the Employee Master File (as defined herein). Employee Master File shall mean the file which retains all employee data required under state and federal recordkeeping and retention laws, which may include, but is not limited to, name, address, social security number, date of birth, work location, wage and hour data, tax and payroll information, human resources data, and benefits information.
- 6) **Activation:** Client acknowledges that it must undertake certain steps for the Service to be provided correctly and timely, including, without limitation, providing Data in a proper format, undergoing testing procedures, and assisting with the associated Activation Services. Client agrees to fully cooperate with EWS to activate the Service. EWS shall have no liability with regard to any errors that result from Client’s failure to timely provide Data (or update Data) accurately and completely and in the format required by EWS. EWS shall be responsible and liable for any errors that are caused solely by EWS and/or caused in part by EWS to the extent thereof.
- 7) **Responsibilities:** EWS is responsible for compliance with all applicable laws and regulations relating to EWS’ provision of services to the Client under these Schedules A and B. Client is responsible for validating the completeness and accuracy of all Data.
- 8) **Third Party Indemnification.** In addition to indemnification obligations set forth elsewhere in the Agreement, and to the extent allowed by law, Client hereby agrees to indemnify, defend or pay the cost of defense, and hold EWS harmless with regard to any third party claims, actions, demands, damages, liabilities, costs and expenses as a result of any action arising out of or relating to (i) any premium charge, tax, penalty, payment or similar assessment (federal, state or local), for which Riverside County Exclusive Care Plan or Client are liable, through no fault of EWS, including, but not limited to, any assessable payment or tax under Section 4980H or Section 4980D of the Internal Revenue Code, or any provision of PPACA, (ii) Client’s violation of

**SCHEDULE A – ACA TAX FORM SERVICE**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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laws or regulations applicable to Riverside County Exclusive Care Plan, and (iii) any of Client's responsibilities as set forth in Paragraph 7 of this Schedule.

In addition to indemnification obligations set forth elsewhere in the Agreement, and to the extent allowed by law, the parties each agree to indemnify, defend or pay the cost of defense, and hold the other harmless with regard to any third party claims, actions, demands, damages, liabilities, penalties, costs and expenses as a result of any action arising out of or relating to (i) the indemnifying party's violation of applicable laws or regulations, (ii) in the instance of EWS as the indemnifying party, EWS' provision of services under these Schedules A and B, and (iii) any of the indemnifying parties' respective obligations set forth in these Schedules A and B.

The indemnified party shall promptly notify the indemnifying party of any claims or actions which arise and for which indemnification is sought. With respect to any action or claim subject to indemnification herein, the indemnifying party shall, at its sole cost, have the right to use counsel of its own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of the indemnified party; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes the indemnifying party's indemnification to the indemnified party as set forth herein. The indemnifying party's obligation hereunder shall be satisfied when the indemnified party has received the appropriate form of dismissal relieving the indemnified party from any liability for the action or claim involved.

The specified insurance limits set forth in Section 10.14 of the Agreement shall in no way limit or circumscribe EWS' obligations to indemnify and hold harmless Client from third party claims. The limitation of liability provisions set forth in Section 9.1 of the Agreement shall in no way limit or circumscribe the indemnifying party's obligations to indemnify and hold harmless the indemnified party from third party claims for the indemnifying party's intentional wrongful acts and/or grossly negligent acts.

This Paragraph shall survive the termination of these Schedules A and B and/or the Agreement.

**Schedule A and Schedule B shall be binding on the parties upon the date last executed below and effective as of the Effective Date.**

[SIGNATURES ON FOLLOWING PAGE]



**SCHEDULE A – ACA TAX FORM SERVICE**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**IN WITNESS WHEREOF**, the parties hereto have executed these Schedules A and B effective as of the Effective Date.

**ATTEST:**  
Clerk to the Board  
Kecia Harper-Ihem

**COUNTY OF RIVERSIDE:**

By \_\_\_\_\_  
Deputy

By \_\_\_\_\_  
Chairman, Board of Supervisors

Date \_\_\_\_\_

Date \_\_\_\_\_

Approved as to Form:

Gregory P. Priamos  
County Counsel

By \_\_\_\_\_  
Deputy County Counsel

**TALX Corporation, a Missouri corporation**  
provider of Equifax Workforce Solutions

**County of Riverside-Purchasing**

By \_\_\_\_\_

By \_\_\_\_\_

Printed Name \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

**SCHEDULE A – ACA TAX FORM SERVICE**

**EXHIBIT 1 - FEES**

**Fee Schedule**

All fees stated below will increase annually from the prior year at a rate of 3%

**Estimated Number of 1095-Cs to be processed in Year 1 of Agreement:** 20,000

<b>One-Time Fee Description</b>	<b>Purchased</b>	<b>Unit Price</b>	<b>Total</b>
Portal Integration Service (Optional)	Yes	\$0	\$0
<b>Total One-Time Fees</b>			<b>\$0</b>

<b>Annual Fixed-Fee Description</b>	<b>Purchased</b>	<b>Unit Price</b>	<b>Annual Fee</b>
Tax Platform Activation Service	Yes	\$5,000	\$5,000
Tax Form 1094-C Transmittal Service	Yes	\$0	\$0
<b>Total Annual Fixed-Fees</b>			<b>\$5,000</b>

<b>Per-Form Fee Description</b>	<b>Purchased</b>	<b>Per-Form Fee</b>
Tax Form 1095-C Electronic Fulfillment Service <i>Client will be charged for all 1095-Cs produced regardless of whether or not the Employee has consented to electronic delivery. If Client has not opted for the "Tax Form 1095-C Print Service", it will be Client's responsibility to provide a 1095-C to any employee that has not consented to electronic delivery.</i>	Yes	\$0.85
Tax Form 1095-C Print Service (Optional) <i>Client will be charged for shipping and/or postage required to mail the 1095-C to the employee. The fee for this services is <u>in addition to</u> the fee for the Tax Form 1095-C Electronic Fulfillment Service.</i>	Yes	Per form cost to ship and/or mail

**SCHEDULE B – ACA TAX FORM SERVICE**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**Tax Form Platform Activation Service**

Description

The Tax Platform Activation Service (“Activation Service”) is an annual service that allows EWS to configure the Tax Form Platform for the production and distribution of US Tax Form 1095-C (the “Tax Form”) and transmittal of US Tax Form 1094-C to the IRS.

Service Delivery Tasks

EWS will perform the following tasks in the delivery of this service:

1. Provide Client with a Configuration Checklist that captures Client’s requirements, Service options, mailing and shipping instructions, change management, and the selected test and production run schedules.
2. Configure Tax Platform per the Configuration Checklist.
3. Configure Tax Platform to import and process files containing test Tax Form data.
4. Provide Client with a maximum of two (2) Tax Form proofs / validation reports during the testing cycle.
5. Configure Tax Platform to import and process files containing product Tax Form data.
6. Provide Client with a maximum of one (1) Tax Form proofs / validation reports during the production cycle.

Assumptions

1. The Activation Service will be delivered using EWS’s project management methodology. Client acknowledges the Activation Service is a fixed fee service and agrees to adhere to the timelines and milestones established by Client and EWS during the kick-off call.
2. Client understands Client requirements captured in the Configuration Checklist are governed by the functionality available in the Tax Platform at the time of the Activation Service.
3. If Client is subscribed to the EWS ACA Management Platform (the “Management Platform”):
  - a. EWS will transmit tax form data from the Management Platform to the Tax Platform for both test and production runs upon Client’s request.
  - b. Client understands that Client must have an enforceable agreement for the Management Platform in order for EWS to send data from the Management Platform to the Tax Platform.
4. If Client is not subscribed to the Management Platform:
  - a. Client will provide data in the format defined by the Tax Platform file specification.
  - b. Client will validate all data extracts prior to delivering to EWS.
  - c. Client will provide their data in a maximum of 2 data files per Employer Code. EWS will charge Client \$1,500 for each additional file. EWS will notify Client prior to charging for these efforts.
  - d. Client will be granted a maximum of three (3) attempts to provide data, cumulative between both test and production, to the Tax Platform. Additional attempts will result in EWS charging Client a rate of \$1,500 for each attempted file. EWS will notify Client prior to charging for these efforts.
  - e. Client understands if Client does not authorize EWS to process the file so that it complies with the United States Postal Service’s regulations to reduce postage costs, Client will be subject to non-discounted postage rates.
5. Client understands the Configuration Checklist must be completed no later than October 15<sup>th</sup> of the calendar year for which tax year forms will be produced in order to permit EWS to implement the Fulfillment Service in a timely manner.
6. Client understands that additional proofs / validate reports over what is specified in the Service Delivery Tasks will result in Client being charged \$1,000 per additional proof / validation report. EWS will notify Client prior to charging for these efforts.
7. Client understands that once a production run has been generated, if Client should request an additional production run, EWS will charge Client a surcharge of \$0.08 per form in addition to the per form price for the Tax Form 1095-C Fulfillment Service.

**SCHEDULE B – ACA TAX FORM SERVICE**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**Tax Form 1094-C Transmittal Service**

Description

The 1094-C IRS Transmittal Service (the “Transmittal Service”) is designed to transmit Client’s data to the IRS per the instructions for Tax Form 1094-C.

Service Delivery Tasks

EWS will perform the following tasks in the delivery of this service:

Transmit Tax Form 1094-C to IRS upon instructions from Client .

Assumptions

1. Client understands that for EWS to transmit Tax Form 1094-C to the IRS, Client must have completed the Activation Service and have uploaded all required data to the Tax Platform.

**Tax Form 1095-C Fulfillment Service**

Description

The Tax Form 1095-C Fulfillment Service (the “Fulfillment Service”) is designed to allow Client to outsource the creation of Tax Form 1095-C (the “Tax Form”) for their active and former employees (each, an “Employee”), for whom Client must provide a 1095-C. Once the 1095-Cs are created, the Fulfillment Service will allow Employees to download a copy of their Tax Forms via the Tax Form Management Platform (the “Tax Platform”). EWS will support up to four years of statements, in compliance with IRS data retention policies, assuming Client has provided data.

Service Delivery Tasks

EWS will perform the following tasks in the delivery of this service:

1. EWS will make completed Tax Forms available via a secure website to all Employees. EWS will notify Client when completed forms are available.
2. EWS will make completed Tax Forms for the current tax year available through December 31. After this date, Employees will be able to request a prior year’s Tax Form by website or telephone.
  - a. EWS will record all requests for an additional copy of the Tax Form (a “Reissue”) in an audit log.
  - b. Reissues will be provided via secure website, fax, or US Post Office (USPS) mail, as requested by Employee. Client must purchase the Tax Form 1095-C Print Service in order for Employees to receive Reissues by USPS mail.
  - c. EWS will allow an employee who has consented to electronic delivery, to download an unlimited number of copies of their prior-year Tax Form 1095-C through December 31 of the current year. For all other employees, EWS will provide the first Reissue of the current tax year to an Employee at no additional charge. EWS will charge Client \$12 per additional reissue for the current tax year and \$18 per reissue for prior tax years.
3. EWS will make Tax Forms available for download into tax preparation products.
4. EWS will provide Client with a CD-ROM of all Tax Forms for the current tax year.

Assumptions

1. Client understands unless the Tax Form 1095-C Print Service was purchased, Client will be responsible for printing Tax Forms for all employees that did not consent to electronic delivery.
2. Client understands any corrected 1095-C will result in an additional per-form charge.
3. Client understands EWS does not support downloading of Tax Forms into all tax preparation products.
4. Client understands the name of their organization will appear in tax preparation products when users are prompted to download Tax Forms.
5. Client understands that, if available, EWS will include coupons from third-party tax preparation software products and service providers on the 1095-C.
6. Client understands that additional CD-ROMs will be provided for a fee of \$500 per CD-ROM.

**SCHEDULE B – ACA TAX FORM SERVICE**  
**SERVICE PROVIDER, TERM AND FEES FOR SERVICES**

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**Modification to the Service Description Overview**

EWS reserves the right to modify the Service from time to time, provided that any such modification applies in an identical manner to all other clients of the Service and the changes made will only enhance and not reduce the quality of the Service. If the modification shall be a substantial change from this Service Description Overview, EWS shall provide notice of the change to Client. A substantial change shall be a change which is inconsistent with this Service Description Overview. A change that does not alter functionality of the Service, such as a change for upgraded security of data, is not a substantial change. Client may terminate this Schedule A and B by notice given to EWS within sixty (60) days after notice of an amendment to the Service Description Overview, and termination shall be effective ninety (90) days after notice is provided unless Client provides for an earlier or later effective date of termination in the notice of termination. Absence of such termination shall constitute Client's agreement to the modified Service Description Overview. EWS agrees that any modification to this Service Description Overview shall not alter and/or conflict with any provisions in the Agreement. If any modification by EWS to the Service and/or the Service Description Overview will result in any additional costs to the Client for the term of these Schedules A and B, EWS agrees to provide 60 days prior written notice to the Client and such written notice shall state the additional cost to the Client.



COUNTY OF  
**Riverside**  
HUMAN RESOURCES

County Administrative Center  
4080 Lemon Street, P.O. Box 1569 • Riverside, CA 92502 • (951) 955-3500  
44-199 Monroe Street, • Indio, CA 92201 • (760) 863-2670

**MICHAEL T. STOCK**  
ASST. COUNTY EXECUTIVE OFFICER  
HUMAN RESOURCES DIRECTOR

Date: September 9, 2015  
From: Michael T. Stock, Asst. County CEO/Human Resources Director  
To: Board of Supervisors/Purchasing Agent  
Via: Stacey Beale, Human Resources Division Manager  
Subject: Sole Source Procurement; Request for Reporting of Offers of Health Insurance Coverage by Employers – Affordable Care Act Requirement

The below information is provided in support of my Department requesting approval for a sole source.

**1. Supplier being requested: TALX Corporation (Equifax Workforce Solution)**

**2. Vendor ID: 57689**

**3. Supply/Service being requested:**

*(If this request is for professional services, attach the service agreement to this sole source request. The Purchasing Agent, or designee, is the signing authority for agreements unless the service is exempted by Ordinance 459, Board delegated authority or by State law.)*

Effective January 1, 2016, the County is mandated by the Affordable Care Act (ACA) to start offering minimum essential health coverage to all of its full-time employees and their dependents. This will include Regular and Temporary employees. Additionally, the County is required to report information to the IRS that demonstrates compliance with the employer shared responsibility provisions of ACA. The shared responsibility provisions are covered under Section 6056 of the IRC, which includes a requirement that the County to report information to the IRS about the health coverage the County offers to its full-time employees starting with Calendar Year 2015.

The required information must be submitted to the IRS by February 28, 2016 (March 31st, if filed electronically) of the year following the calendar year in which coverage is provided, and the required individual statement must be provided by January 31 of the year following the calendar year in which coverage is provided. The County is required to file *Form 1094-C* and *Form 1095-C* on behalf of all full-time employees offered coverage. Additionally, the County must furnish each employee with a *Form 1095-C* on paper by mail, unless the employee affirmatively consents to receive the statement electronically.

Although the data needed to satisfy the ACA reporting requirement is maintained by Human Resources, the responsibility for filing such IRS forms falls under the jurisdiction of the Auditor Controller's Office (ACO). While researching this new ACA requirement, Human Resources discovered the County does not have sufficient technical functionality/reporting capabilities in place with our current HRMS system to complete the IRS reporting and administrative requirements.

In response to this deficiency, Human Resources' has found an alternative solution that will assist the County in being compliant. Human Resources and the ACO recommend contracting with a third-party administrator (TPA) who offers ACA reporting and administrative services.

Considering we are now in September and five months from being required to report, action must be taken immediately. We are aware of a couple of vendors who provide ACA services. One of the companies is a current vendor of the County. We were able to get pricing for their services, but the other company wasn't so willing to provide general pricing to us. The current vendor already has County employees' data and it makes logical business sense to utilize the current County vendor since they already have most of our employees data that is required to be reported and are willing to negotiate lower rates for their services since we are an existing client.

It will take approximately 16 weeks to implement this type of service. The first year cost is expected to be \$116,800 to set-up and implement. This amount is much less than our potential penalty costs.

Due to the essence of time, we are seeking approval for a sole source contract with the current TALX Corporation (Equifax Workforce Solution).

4. **Alternative suppliers that can or might be able to provide supply/service and extent of market search conducted:** We contacted one other known service provider who is offering a similar service, but the other service provider would not provide the County with any preliminary information or costs about their services without requiring detailed information from the County. Based on the data the other service provider requested from the County, we were unable to provide the other service provider the data without releasing a Request for Proposal. Since we did not release a RFP and due to the short timeline needed to obtain a service provider to meet the required deadline, we did not pursue any further contact with the other service provider.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide** (if proprietary software or machinery, hardware, please provide a supporting letter from the manufacturer): The service provider offers the County the ability to provide federal tax form 1095-C to its employees and allows for the County to transmit tax form 1094-C to the IRS as required per IRS section 6056.

The County does not possess the necessary software to provide the data in the required format to employees or the IRS.

6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** The ACA requires that employers with more than 50 employees offer health insurance to their full-time employees or pay a penalty. Form 1095-C documents that the County has complied with this regulation. Applicable large employers fill out the form, file it with the IRS, and distribute it to their employees.

Employees may also need information from the form to include as part of their personal tax filing.

Employers must begin submitting and distributing 1095-Cs in 2016 for 2015 tax filing. They must file Forms 1095-C with the IRS no later than February 28 (or March 31 if filed electronically) for the previous calendar year, and distribute the form to their full-time employees no later than February 1, 2016.

The penalty for failure to file a Form 1095-C is generally **\$250 per employee**. The total penalty for a calendar year cannot exceed \$3,000,000. The County has 20,000 plus

employees. The penalties for failing to comply with this mandate are quite expensive compared to the cost of purchasing the services.

The County does not have sufficient technical resources within the County that can provide/program the required service.

7. **Period of Performance:** From: 11/1/15 to 12/31/16  
(total number of years)

Is this an annually renewable contract?  No  Yes  
Is this a fixed-term agreement:  No  Yes

(A fixed-term agreement is set for a specific amount of time; it is not renewed annually. Ensure fixed-term agreements include a cancellation, non-appropriation of funds, or refund clause. If there is no clause(s) to that effect, than the agreement must be submitted to the Board for approval.)

This agreement will be submitted to the Board for approval.

8. **Identify all costs for this requested purchase. If approval is for multiple years, ongoing costs must be identified below. If annual increases apply to ongoing costs such as CPI or other contract increases, provide the estimated annual cost for each consecutive year. If the annual increase may exceed the Purchasing Agent's authority, Board approval must be obtained. (Note: ongoing costs may include but are not limited to subscriptions, licenses, maintenance, support, etc.)**

Description:	FY15/16	Total
One-time Costs:	\$30,000	\$30,000
<i>(Insert description)</i>	Tax Activation Services	
Ongoing Costs:	\$86,800	\$86,800
<i>(Insert description)</i>	ACA Management Platform, Tax Form Fulfillment and Postage	
Total Costs	\$116,800	\$116,800

9. **Price Reasonableness:** (Explain why this price is reasonable or cost effective, and if this service/commodity will be bid out in the future.) If the County fails to meet the reporting deadlines as required by the IRS, the County may be subject to a \$3 Million penalty for Calendar Year 2016. The cost of this procurement request is \$116,800. Due time technology and time constraints, the best interest of the County is to pursue this agreement since the required deadline is quickly approaching and the fact that the County does not have the technical expertise or the ability at this time to perform this function in-house. Additionally, there is only one other vendor known performing this service, but the other vendor would not share its general pricing with the County, as this provider did.

The vendor normally charges \$72,000 for the ACA Management Platform service. However, they have offered the County a \$12,000 (16.67%) reduction in price for this service by reducing the costs for the ACA Management Platform service to \$60,000. Additionally, the provider also reduced its standard annual increase in fees from 5% down to 3%.




Depending on future reporting requirements, the County intends to bid out in the future to see if there will be more service providers of this type entering the market or if the County can purchase software and obtain knowledge that may allow the County to perform this function in-house.

**10. Projected Board of Supervisor Date: September 22, 2015**

*(Form 11s must accompany the sole source request for Purchasing Agent approval.)*

  
\_\_\_\_\_  
Department Head Signature (or designee)      MICHAEL T. STOCK      9-9-2015  
Print Name      Date

Purchasing Department Comments:

<u>Approve</u>	Approve with Condition/s	Disapprove
Not to exceed: \$ <u>116,800</u>	One time	Annual Amount through <u>12-31-16</u> (Date)
 _____ Purchasing Agent	<u>9/10/15</u> Date	<u>16-112</u> Approval Number (Reference on Purchasing Documents)

List Attachments:



**RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM**  
To be completed for all departmental purchases of IT systems, services or renewals

PR2015-03132  
Tracking Number for  
Internal Use Only


<b>REQUESTED PURCHASE:</b>	<b>AFFORDABLE CARE ACT (ACA) REPORTING SERVICES OF HEALTH INSURANCE THROUGH TALX (EWS)</b>																						
<b>DEPARTMENT/AGENCY:</b>	HUMAN RESOURCES AND AUDITOR-CONTROLLER'S OFFICE																						
<b>CONTACT NAME/PHONE:</b>	STACEY BEALE (951) 955-1513																						
<b>PURCHASE REQUEST:</b>	<input type="checkbox"/> NEW EQUIPMENT/SERVICES	<input type="checkbox"/> UPGRADE	<input type="checkbox"/> REPLACEMENT																				
<b>PURCHASE TYPE:</b>	<input checked="" type="checkbox"/> PROFESSIONAL SERVICES	<input type="checkbox"/> SOFTWARE	<input type="checkbox"/> HARDWARE <input type="checkbox"/> RENEWAL																				
<b>DESCRIBE REQUESTED PURCHASE</b>	Approve and amend the service agreement with TALX Universal (EWS) for Affordable Care Act (ACA) Management Platform and ACA Tax Form services. These services will provide the County (employer) with software services to meet the reporting requirements imposed by the ACA.																						
<b>BUSINESS NEEDS ADDRESSED</b>	The Affordable Care Act (ACA) Management Platform and ACA Tax Form service are software products that will provide the County the ability to submit required healthcare data in the appropriate format to the Internal Revenue Service (IRS) on the minimum essential health coverage the County offers to its full-time employees. The County, along with all other employers with at least 50 or more full-time employees, is mandated by the ACA under IRC section 6056 to file an Information return and furnish a statement (1095-C form) to its employees offered health coverage by the County of Riverside.																						
<b>ARE THERE ANY OTHER COUNTY SYSTEMS THAT PROVIDE THE SAME FUNCTIONALITY?</b>	<input checked="" type="checkbox"/> NO	<input type="checkbox"/> YES	<input type="checkbox"/> UNKNOWN																				
<b>BUSINESS CRITICALITY</b>	<b>BUSINESS IMPACT (SELECT ALL THAT APPLY)</b>																						
<input checked="" type="checkbox"/> Run the business	<input checked="" type="checkbox"/> Support current operations																						
<input type="checkbox"/> Grow the business	<input checked="" type="checkbox"/> Reduce Expenses																						
<input type="checkbox"/> Transform the business	<input checked="" type="checkbox"/> Improve Customer Service																						
	<input checked="" type="checkbox"/> Improve Operational Efficiencies																						
<b>BUSINESS RISKS</b>	Financial: If the County does not meet the required reporting deadline, the County could be subject to a \$3 million penalty for failing to comply.  Customer: All taxpayers (employees) will be required by IRS to file the 1095-C form with their Income taxes for Calendar Year 2015.																						
<b>ALTERNATIVE SOLUTIONS</b>	1. None at this time.																						
<b>TRANSACTION</b>	<input checked="" type="checkbox"/> Cash Purchase <input type="checkbox"/> Lease Purchase      Lease Years: _____																						
<b>PURCHASE COSTS</b>	<b>COST BENEFIT ANALYSIS</b>																						
Hardware: \$0	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>ALTERNATIVE STATUS QUO</th> <th>ALTERNATIVE</th> <th>ALTERNATIVE</th> </tr> </thead> <tbody> <tr> <td>Current Annual Cost</td> <td>\$0</td> <td></td> <td></td> </tr> <tr> <td>Ongoing Annual Cost</td> <td>\$0</td> <td></td> <td></td> </tr> <tr> <td>Annual Cost Savings</td> <td>\$0</td> <td></td> <td></td> </tr> <tr> <td>Net Annual Savings</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				ALTERNATIVE STATUS QUO	ALTERNATIVE	ALTERNATIVE	Current Annual Cost	\$0			Ongoing Annual Cost	\$0			Annual Cost Savings	\$0			Net Annual Savings			
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Annual Cost Savings	\$0																						
Net Annual Savings																							
Software: \$116,800																							
Labor: \$																							


9/11




**RIVERSIDE COUNTY INFORMATION TECHNOLOGY PROCUREMENT FORM**  
To be completed for all departmental purchases of IT systems, services or renewals

Tracking Number for  
Internal Use Only

TOTAL COST: \$	Project Implementation Cost	\$116,800		
	Project Payback Period? yrs			
Is this Budgeted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No				
Department Head Signature: 		Date: 9-11-2015		

<b>RCIT RECOMMENDATION -- for purchases and renewals under \$100,000</b>	
Recommended:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (Non-recommended requests submit to TSOC)
By:	Date:
Chief Information Officer Signature: 	Date: 9/11/15

<b>RCIT explanation for non-recommended requests:</b>

<b>TSOC RECOMMENDATION: for purchases and renewals over \$100,000 and RCIT non-recommended purchases or renewals</b>	
Recommended:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (In no, provide explanation below)
TSOC Chair Signature: 	Date: 9/15/15

<b>TSOC explanation for denied requests:</b>