



**Selection Team Recommendation
Contract for Flexible Spending
and Health Reimbursement
Account Administration**

Effective January 1, 2018

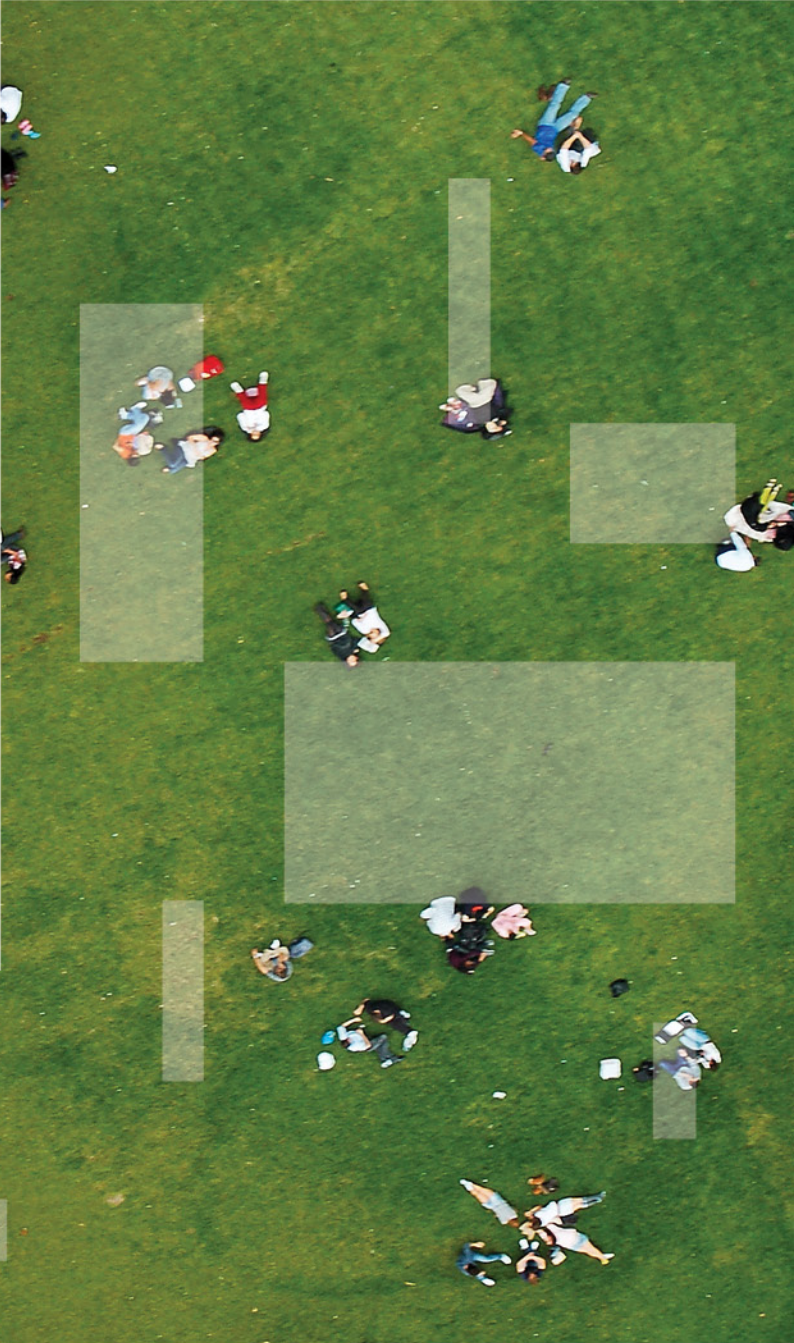


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EXECUTIVE SUMMARY

What is the recommendation of the Selection Team?

As a result of a request for proposal process and evaluation, the Selection Team recommends the following:

Enter into a three (3) year contract, with two (2) optional 1-year extensions, with Benefit Advantage to administer the City’s flexible spending and health reimbursement account programs beginning January 1, 2018.

Benefit Advantage is priced competitively, guarantees their fees for three (3) years, with two (2) optional 1-year extensions, will provide all of the needed services and has satisfactory performance guarantees.

Who was on the Selection Team?

The City staff members on the Selection Team were:

- Renee Joos | Department of Employee Relations
- Crystal Flores | Department of Employee Relations
- Kimberly Zapata | Department of Employee Relations
- Jackie Carter | Department of Administration – Budget Office
- Therese Biernat | Department of Employee Relations

Assisting the City team were the following Willis Towers Watson associates:

- Clete Anderson, Vice President
- Jill Goehrig, Client Services

BACKGROUND

The City of Milwaukee offers pretax spending account programs to employees; IRC Section 125 “flexible spending account medical” (FSAM), IRC Section 129 “flexible spending account dependent care” (FSAD), IRC Section 132 “flexible spending parking” accounts and an IRS approved “health reimbursement arrangement” (HRA). TASC/eflexgroup currently administers these programs.

The contract with TASC/eflexgroup expires at the end of 2017. That, coupled with the service issues the City has experienced since the merger of TASC/eflexgroup, led the City to re-evaluate those plans.

A request for proposal including the critical selection factors was e-mailed to the following firms. The table below provides a summary of the carriers contacted and their response, if any.

Carrier	Status
TASC (incumbent)	Quote received
Benefit Advantage	Quote received
WageWorks	Quote received

Carrier	Status
Discovery Benefits	Quote received
UnitedHealthcare	Quote received
Employee Benefits Corporation	Declined; not competitive
Aetna (owned by PayFlex)	No response
BASIC	No response
Ceridian (owned by Conexis, a division of WageWorks)	No response
Diversified Benefit Services	No response
eflexgroup (merged with TASC)	No response
Cielostar (a division of TASC)	No response
InfiniSource	No response

EVALUATION OF QUANTITATIVE AND QUALITATIVE AND RESPONSES

All of the firms above specialize in the administration of these programs except for UnitedHealthcare (UHC). UHC administers the City's health plans and has an FSA-HRA/health plan integration that might be more advantageous than separate FSA-HRA and health firms.

Attached is an exhibit that summarizes the financial terms of these proposers. The annual estimated fee to provide the administration of the plans ranged from \$131,230 to \$195,709. In addition to per employee fees, there are additional fees for services for which the number can be unpredictable, such as replacing lost debit cards, so the actual total for each proposer cannot be calculated precisely. The estimated 2018 annual total for Benefit Advantage is \$131,230, \$129,230 for 2019 and \$129,230 for 2020.

All proposers, with the exception of UHC, guaranteed their fees for three years; UHC's rates were effective for one year.

UHC was considered because of their ability to integrate the FSA and health plan administration. However, UHC has the highest fees with the shortest guarantee period (one year) and does not specialize in this administration like the other firms. Because of this, UHC was not recommended.

The team conducted interviews with the top three ranked firms including Benefit Advantage, WageWorks and Discovery Benefits. The team concluded after review and discussion that Benefit Advantage, which is a Wisconsin based firm out of Green Bay, is a better fit for the City and its employees and offers a competitive cost structure.

For these reasons, the Selection Team recommends the City accept the three-year contract term, with two (2) optional 1-year extensions, offered by Benefit Advantage.

City of Milwaukee
FSA, DCA & PARKING COST ANALYSIS
 Effective: January 1, 2018



Fee	Benefit Advantage, Inc.			Discovery Benefits			TASC			United HealthCare			WageWorks, Inc.		
	Initial	One-time	Annual	One-time	One-time	Annual	One-time	One-time	Annual	One-time	One-time	Annual	One-time	One-time	Annual
Annual Renewal	\$1,000	Annual		\$0	Annual		\$	Annual		N/A	One-time		\$0	Annual	
One fee applied if enrolled in multiple FSAs	YES - Fee applies to EE's with one or more accounts (FSA, DCAP, Transit)			Yes; however, Commuter Benefits (transit/parking) are considered a separate account and will incur a separate administrative fee. The Commuter Benefits administrative fee is \$1.00 pppm.			Yes			No			Yes		
Health Care Account	\$2.50	PPPM	FSA, LFSA, Dependent Care, Transit Included	\$2.95	PPPM		\$3.00	PPPM		\$3.99	PPPM (Per Participating Employee Per Month)		\$3.00	PPPM	Only one fee is charged if participant has both HC and DC accounts.
Health Care Limited Purpose Account	\$2.50	PPPM		\$2.95	PPPM		\$3.00	PPPM		\$3.99	PPPM (Per Participating Employee Per Month)		\$3.00	PPPM	Only one fee is charged if participant has both HC and DC accounts.
Dependent Care Account	\$2.50	PPPM		\$2.95	PPPM		\$3.00	PPPM		\$3.99	PPPM (Per Participating Employee Per Month)		\$3.00	PPPM	Only one fee is charged if participant has both HC and DC accounts.
Debit Card Access	INCLUDED	PPPM		\$0.00	PPPM	Included at no additional cost.	Included	PPPM	or included in admin	\$0.50	PPPM (Per Participating Employee Per Month)		\$0.00	PPPM	Included in admin
Please choose appropriate option(s)			All participants will be provided a debit card			All participants will be provided a debit card			All participants will be provided a debit card Participant can choose Debit Card	Employer must choose if all participants will be provided a debit card or not.	All participants will be provided a debit card Participant can choose Debit Card				All participants will be provided a debit card
Debit Card Services for DCFSA?	YES			Yes.			Yes			No			No		
Other				Yes. Commuter Benefits will be available through the Benefits Debit Card as well.			Yes/No			Yes/No			\$0.15 Optional PPPM chat Servicing fee		
Other							Yes/No			Yes/No			No		
Enrollment Meetings	NO CHARGE	Per day charge		\$350.00	Per day charge. Discovery Benefits will provide one representative for two consecutive days of meetings at no additional cost for the first year of service.		\$0.00	Per day charge		N/A	Per day charge		\$0.00	Per day charge	
	NO CHARGE	Per meeting charge		\$0.00	Per meeting charge		\$0.00	Per meeting charge		N/A	Per meeting charge		\$0.00	Per meeting charge	
	NO CHARGE	Travel or other expenses		Billed to Employer	Travel or other expenses		\$0.00	Travel or other expenses		N/A	Travel or other expenses		\$0.00	Travel or other expenses	
Takeover of Previous Plan Year	NO CHARGE			\$0			\$0			\$			\$0		
Reporting	NO CHARGE	Available Electronically		Included at no additional cost.			0			Available upon request			\$0		Standard reporting is included.
Plan Document Drafting	NO CHARGE			Incl. at no cost.			0			\$			\$0		
Plan Document Amendments	NO CHARGE			Incl. at no cost.			0			\$			\$0		
Non-Discrimination Testing	NO CHARGE			Incl. at no cost.			0			\$500 Per Testing Occurrence			\$0		One testing session included annually.
Replace Debit Cards	\$5/Card			Incl. at no cost.			Waived			\$			\$0		
Direct Deposit of FSA Funds	NO CHARGE			Incl. at no cost.			0			\$			\$0		
Reimbursement via paper check	NO CHARGE			Incl. at no cost.			0			\$			\$0		
Fees to replace lost checks	\$20			Incl. at no cost.			0			\$			\$0		
Fee Guarantee	3	Years	Or length of contract, if longer.	3	Years			Years	3 Years	1/1/2018 - 12/31/2018	Years		3	Years	
Termination notice	60	Days		60	Days			Days		90	Days			Days	
Parking Accounts															
Are there separate fees from Medical & Dependent care FSA?	NO			No.									Yes		\$3.75 PPPM

Annual Fees						
2018	\$100,520		\$116,254		\$118,224	\$157,238
2019	\$99,520		\$116,254		\$118,224	\$157,238
2020	\$99,520		\$116,254		\$118,224	\$157,238
3-Year Total	\$299,560		\$348,761		\$354,672	\$471,714
						\$120,312
						\$120,312
						\$120,312
						\$360,936

Enrollment	
FSA only	2,816
DCA only	127
FSA and DCA	109
Parking only	232
Total	3,284

City of Milwaukee
HRA COST ANALYSIS
 Effective: January 1, 2018



Fee	Benefit Advantage, Inc.		Discovery Benefits		TASC		United HealthCare		WageWorks, Inc.	
First Year Set-up Fee	\$1,000	One-Time	\$0.00	One-Time	\$0.00	One-Time	N/A	One-Time	\$0.00	One-Time
Annual Renewal	\$1,000	Annual	\$0.00	Annual	\$0.00	Annual	N/A we charge HRA on a Per Participating Employee Per Month	Annual	\$0.00	Annual
PMPM Fee	\$2.50		\$2.25		\$3.00		\$2.85 PPM (Per Participating Employee Per Month)		\$3.00	HRA Administration Fee
Debit Cards	NO CHARGE		\$0.00		\$0.00		\$0.50 PPM (Per Participating Employee Per Month)		\$0.00	Included
Reporting	NO CHARGE	Available Electronically	\$0.00		\$0.00		Available upon request		\$0.00	Standard reporting is included
			\$		\$		\$		\$	
			\$		\$		\$		\$	
Claim Feeds	NO CHARGE		\$0.00		\$0.00		Available upon request		\$0.00	
Meetings	NO CHARGE		\$350	Per day plus travel expenses. Discovery Benefits will provide one representative for two consecutive days of meetings at no additional cost for the first year of service.	\$0		\$		\$0	
Other Fees			\$		\$		\$		\$0.15	Optional PPM chat Servicing fee
Other Fees			\$		\$		\$		\$0	
Minimum Monthly Fee	NONE		\$50.00		NA		\$		\$100	
Fee Guarantee	3 Years (Or length of contract, if longer)		3	Years		3 Years	1/1/2018 - 12/31/2018		3	Years
Termination notice	60	Days	60	Days		Days	90	Days	90	Days
										A party may terminate the agreement for breach if the other party fails to cure a material breach, if curable, within 30 days after receipt of notice from the other party, or three days in the event of non-payment. A client may terminate the agreement for convenience after the first year of the initial term upon 90 days prior written notice.

Annual Fees

2018	\$30,710	\$25,839	\$34,452	\$38,471	\$34,452
2019	\$29,710	\$25,839	\$34,452	\$38,471	\$34,452
2020	\$29,710	\$25,839	\$34,452	\$38,471	\$34,452
3-Year Total	\$90,130	\$77,517	\$103,356	\$115,414	\$103,356