



Legislation Text

File #: 130113, **Version:** 1

130113
SUBSTITUTE 1
100202
THE CHAIR

Substitute resolution authorizing the Department of Employee Relations to issue a request for proposal for a third-party administrator for an IRS Section 125 Flexible Spending Arrangement with an option for the addition of a Health Reimbursement Arrangement.

Currently the City provides a Flexible Spending Arrangement (FSA) for City employees to set aside monies for medical, dependent care and parking expenses. The contract with the current program administrator, eflexgroup, Inc., will expire December 31, 2013. This resolution authorizes the Department of Employee Relations to issue a request for proposal for an administrator for a similar FSA with an option for the additional creation of a Health Reimbursement Arrangement (HRA) excluded from taxable income under Section 105 of the Internal Revenue Code (IRC). An HRA is a medical reimbursement plan which allows an employer to reimburse an employee for medical and insurance expenses. The term of the new contract shall be January 1, 2014, to December 31, 2016, with the option of 2 one-year extensions upon mutual agreement of both parties, subject to Common Council approval.

Whereas, Common Council File Number 100202, adopted July 7, 2010, approved a 2-year contract with an option for a one-year extension with eflexgroup, Inc. to serve as a third-party administrator for an IRS Section 125 Flexible Spending Arrangement; and

Whereas, The contract with eflexgroup, Inc. will expire on December 31, 2013; and

Whereas, The Department of Employee Relations recommends the continuation of a Flexible Spending Arrangement with medical, dependent care and parking expense components; and

Whereas, The Department of Employee Relations wishes to have the option to also create, upon Common Council approval, a Health Reimbursement Arrangement which would allow the City to reimburse employees for medical and insurance expenses without resulting in taxable income to employees under IRC Section 105; and

Whereas, The Department of Employee Relations recommends a new contract term of 3 years with 2 one-year extensions upon mutual agreement of both parties, subject to Common Council approval, commencing January 1, 2014; and

Whereas, The City will retain the services of Willis of Wisconsin, its benefits consultant, to lead the request for proposal process for such an administrator; now, therefore, be it

Resolved, By the Common Council of the City of Milwaukee, that the Department of Employee Relations is authorized to issue a request for proposal for a third-party administrator for an IRS

Section 125 Flexible Spending Arrangement with an option for the additional creation of a Health Reimbursement Arrangement which would qualify for exclusion from taxable income under IRC Section 105; and, be it

Further Resolved, That the term of the new contract shall be January 1, 2014, to December 31, 2016, with the option of 2 one-year extensions upon mutual agreement of both parties, subject to Common Council approval; and, be it

Further Resolved, That following the request for proposal process, the Department of Employee Relations shall report to the Finance and Personnel Committee with a recommendation on the best choice for administrator.

Department of Employee Relations
LRB146896-2
Mary E. Turk
6/1/13