



**DEPARTMENT OF GENERAL SERVICES  
OFFICE OF STATE PROCUREMENT  
ACTION AGENDA  
June 3, 2020**



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**12-S-OPT. SERVICES OPTION  
*Department of Budget and Management, Employee Benefits Division***

**Contract ID:** Flexible Spending Accounts for Maryland State Employees  
ADPICS No.: F10B0600058

**Contract Approved:** DBM 1-S, 07/06/2016

**Contractor:** P A Administrative Services, Inc.; Buffalo, NY

**Contract Description:** Provide Third Party Administrative TPA Services for Flexible Spending Accounts FSA for healthcare and dependent daycare programs for Maryland State employees and COBRA participants. FSA provides employees with pre-tax dollars to cover healthcare expenses not covered by insurance and dependent daycare expenses.

**Option Description:** Exercise the fourth and final 1-year renewal option.

**Original Contract Term:** 01/01/2017 - 12/31/2017 w/4 one-year renewal options

**Option Term:** 01/01/2021 - 12/31/2021

**Original Contract Amount:** \$ 411,179 1-Year

**Option Amount:** \$ 411,179 1-Year

**Prior Mods./Options:** \$1,644,716 Renewal Option 1, 01/01/2018 - 12/31/2018, DBM 3-S-OPT, 12/06/2017  
\$ 411,179 Renewal Option 2, 01/01/2019 - 12/31/2019, DBM 4-S-OPT, 11/14/2018  
\$ 411,179 Renewal Option 3, 01/01/2020 - 12/31/2020, DBM 6-S-OPT, 09/04/2019

**Revised Contract Amount:** \$2,055,895

**Original Procurement Method:** Competitive Sealed Proposals

**MBE/VSBE Participation:** 15% / 1% of Administrative Fees

**MBE/VSBE Compliance:** 4.5% / 0.81%



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**12-S-OPT. SERVICES OPTION *cont'd***

**Requesting Agency Remarks:** Request for approval to exercise the fourth and final one-year renewal option as contained in the original Flexible Spending Accounts for Maryland State Employees contract.

This contract provides TPA services for the State of Maryland’s FSA plans – Healthcare and Dependent Daycare for eligible and enrolled participants of the State’s FSA. The contractor provides account management services, HIPAA privacy and security, participant communications, website and online access for participants, and customer service. The contract includes reimbursement for allowable FSA healthcare expenses via debit card. The debit card reimbursement feature permits participants in the FSA healthcare account to have certain allowable expenses automatically debited at the point of sale from their account.

The State is satisfied with the TPA services provided by the contractor, and because certain provisions of healthcare reform have been delayed until 2022, FSA plans will continue for CY2020. Therefore, it is in the best interest of the State to exercise the second renewal option. The base contract was only for one year because it was unknown if FSA plans would continue pending health care reform Excise Tax originally slated to begin in 2018.

The Department continues to work with the contractor to make a good faith effort to meet the MBE participation goal. A corrective action plan was developed during the first renewal option period to ensure the contractor was working with its subcontractor and adding resources as necessary to meet the goal. However, the timing of the subcontractor’s participation to assist with the health fairs is during the statewide Employee Benefits Open Enrollment period that occurs in the fall and will be performed over the next several months. Updated MBE compliance data will not be available until after the Open Enrollment period has ended and the third renewal option has been exercised. MBE compliance during the first and second renewal options will be considered prior to exercising the final renewal option.

**Fund Source:** 100% Reimbursable

**Appropriation Codes:** Various

**Resident Business:** No

<b>BOARD OF PUBLIC WORKS ACTION</b>		<b>THIS ITEM WAS:</b>	
<b>APPROVED</b>	<b>DISAPPROVED</b>	<b>DEFERRED</b>	<b>WITHDRAWN</b>
<b>WITH DISCUSSION</b>		<b>WITHOUT DISCUSSION</b>	