



**DEPARTMENT OF GENERAL SERVICES
OFFICE OF STATE PROCUREMENT
ACTION AGENDA
March 24, 2021**



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16-S-MOD. SERVICES MODIFICATION

*Department of Budget and Management, Office of Personnel Services and
Benefits, Employee Benefits Division*

Contract ID: Flexible Spending Accounts for Maryland State Employees; F10B6400004
ADPICS No.: COI81087

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

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

Contract Description: Third party administrator services for healthcare and dependent daycare Flexible Spending Account (FSA) programs for Maryland State employees and COBRA participants. FSA provides employees with the ability to defer payroll funds on a pre-tax basis to cover healthcare expenses not covered by insurance and dependent daycare expenses.

Modification Description: Extend the contract term and increase funding.

Original Contract Term: 01/01/2017 - 12/31/2017 (w/four 1-year renewal options)

Modification Term: 01/01/2022 - 12/31/2022

Original Contract Amount: \$411,179

Modification Amount: \$695,234.12

Total Contract Amount: \$2,751,129.12

Prior Mods/Options:

- \$ 0 (Mod #1: Revised SOC 2 Type 2 Audit report requirements: DBM, 12/16/2016)
- \$ 0 (Mod #2: Increase maximum annual limit on healthcare flexible spending account from \$2,550 to \$2,600: DBM approval (12/21/2016)
- \$411,179 (Renewal Option #1: DBM 3-S-OPT, 12/6/2017)
- \$411,179 (Renewal Option #2: DBM 4-S-OPT, 11/14/2018)
- \$411,179 (Renewal Option #3: DBM 6-S-OPT, 09/04/2019)
- \$411,179 (Renewal Option #4: DGS 12-S-OPT, 06/03/2020)

Percent +/- (This Item): 169.08%



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Total Percent Change: 569.08%

Original Procurement Method: Competitive Sealed Proposals

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

MBE/VSBE Compliance: 4.4% / 0.74%

Requesting Agency Remarks: 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 a 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 Department's procurement priority remains the timely completion of legislatively mandated contract awards to fulfill the requirements of HB1150. All available Department resources are committed to that effort, which has necessitated this modification to extend our current FSA contract.

The State is satisfied with the services provided by the contractor, and due to IRS modified rules in 2020 and 2021 due to the COVID-19 pandemic, the current Administrator is best suited to support State participants. It is in the best interest of the State to modify the contract. 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. Much of the subcontracting work will be performed over the next several months. Updated MBE compliance data will not be available until after the Open Enrollment period has ended. MBE compliance during the first and second renewal options will be considered prior to exercising the final renewal option. Due to the COVID-19 pandemic, the State has suspended the State Employee Benefit/Enrollment Fairs which were supported by the MBE and VSBE subcontractors. As a result, there has been no MBE or VSBE subcontract activity in Calendar Year 2020.



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16-S-MOD. SERVICES MODIFICATION (cont'd)

Fund Source: 100% Reimbursable (Non-Budgeted Health Care Account)

Approp. Codes: Various

Resident Business: No

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION