Supplement B Department Of Budget And Management ACTION AGENDA November 14, 2018



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4-S-OPT. <u>DEPARTMENT OF BUDGET AND MANAGEMENT</u> Office of Personnel Services and Benefits/Employee Benefits Division

Contract ID: Flexible Spending Accounts for Maryland State Employees; ADPICS # F10B9400027

Contract Approved:	DBM Item 1-S (7/6/2016)
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 second one-year renewal option.
Original Contract Term:	1/1/2017 – 12/31/2017 (w/4 one-year renewal options)
Option Term:	1/1/2019 - 12/31/2019
Original Contract Amount:	\$411,179 (1 Year)
Option Amount:	\$411,179 (1 Year)

Prior Modifications/Options: \$411,179 [Opt #1: Exercised the first one-year renewal option: 1/1/2018 – 12/31/2018: DBM Item 3-S-OPT (12/6/2017)].

Revised Total Contract Amount:	\$1,233,537
Original Procurement Method:	Competitive Sealed Proposals
MBE Participation:	15%
MBE Compliance:	8% (see Requesting Agency Remarks)

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4-S-OPT. DEPARTMENT OF BUDGET AND MANAGEMENT (cont'd)

Requesting Agency Remarks: Request for approval to exercise the second of four one-year renewal options 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 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 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 CY2019. 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 healthcare reform's 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 is now being performed. Updated MBE compliance data will not be available until after the Open Enrollment period has ended and the second renewal option is exercised. MBE compliance during the first renewal option will be considered prior to exercising the third renewal option.

Fund Source:	100% Reimbursable
Appropriation Codes:	Various

Resident Business:

BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:

No

APPROVED DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION