Supplement B Department Of Budget And Management ACTION AGENDA December 6, 2017



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3-S-OPT. DEPARTMENT OF BUDGET AND MANAGEMENT

Office of Personnel Services and Benefits (OPSB) Employee Benefits Division (EBD)

Services Contract Renewal Option

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

F10B8400031

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 first one-year renewal option.

Original Contract Term: 1/1/2017 - 12/31/2017 (w/4 one-year renewal options)

Option Term: 1/1/2018 – 12/31/2018

Original Contract Amount: \$411,179 (1 Year)

Option Amount: \$411,179 (1 Year)

Prior Modifications/Options: N/A

Revised Total Contract Amount: \$822,358

Original Procurement Method: Competitive Sealed Proposals

MBE Participation: 15%

MBE Compliance: 7.4%

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

Requesting Agency Remarks: Request for approval to exercise the first of four one-year renewal options as contained in the 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 2020, FSA plans will continue for CY2018. Therefore, it is in the best interest of the State to exercise the first 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 is working with the contractor on a corrective action plan to ensure that the MBE participation goal is met during the renewal option period.

Fund Source: 100% Reimbursable

Appropriation Codes: Various

Resident Business: No.

BOARD OF PUBLIC WORKS ACTION – THIS ITEM WAS:

APPROVED DISAPPROVED DEFERRED WITHDRAWN

WITH DISCUSSION WITHOUT DISCUSSION