



DEPARTMENT OF GENERAL SERVICES
OFFICE OF STATE PROCUREMENT
ACTION AGENDA
December 7, 2022



REVISED

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36-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.: COJ82636

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

Contract Description: 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.

Modification Description: Extend the contract to allow time to complete a new procurement.

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

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

Modification Term: 01/01/2023 - 12/31/2023

Original Amount: \$411,179

Modification Amount: \$551,884

Prior Options/Mods: \$ 0 (Mod #1: Revised SOC 2 Type 2 Audit report requirements: Delegated Authority - DBM, 12/16/2016)
 \$ 0 (Mod #2: Increase maximum annual limit on healthcare flexible spending account from \$2,550 to \$2,600 Delegated Authority -DBM 12/21/2016)
 \$411,179 (Renewal Option #1: 01/01/2018 - 12/31/2018 DBM 3-S-OPT, 12/6/2017)
 \$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)
 \$411,179 (Renewal Option #4: 01/01/2021 - 12/31/2021 DGS 12-S-OPT, 06/03/2020)
 \$695,234.12 (Mod #3: Extension 01/01/2022 - 12/31/2022 DGS 16-S-MOD, 03/24/2021)



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

Prior Mods/Options (cont'd):

\$0 (Mod #4: Add additional MBE Subcontractor, Delegated Authority - DBM, 05/27/2022)

Total Contract Amount: **\$3,303,013.12**

Percent +/- (This Item): 134.22%

Total Percent Change: 703.30%

Original Procurement Method: Competitive Sealed Proposals

Living Wage Eligible: Yes

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

MBE/VSBE Compliance: 4.835% / 0.497%

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 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 (CAP) 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.

The MBE subcontractor's participation is to assist with the health fairs during the statewide Employee Benefits Open Enrollment period that occurs in the fall; and the contractor projected an increase in the MBE compliance at the end of Open Enrollment period in Calendar Year (CY) 2020.



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

Agency Remarks (cont'd):

Due to the COVID-19 pandemic, the State suspended the State Employee Benefit/Enrollment Fairs and Wellness fairs, which the MBE and VSBE subcontractors typically support. As a result, there wasn't any MBE or VSBE subcontract activity in CY 2020. Subsequently, the State hosted virtual Benefit fairs and Wellness fairs in calendar years 2021 and 2022.

The State continues to work with the contractor to identify services to increase participation. Mitigation steps were developed recently to include newly identified services and the contractor commits to achieving overall contract participation goals by the end of CY 2023.

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

Approp. Code: Various

Resident Business: No

BOARD OF PUBLIC WORKS

THIS ITEM WAS:

APPROVED

DISAPPROVED

DEFERRED

WITHDRAWN

WITH DISCUSSION

WITHOUT DISCUSSION