

Item Title: Selection of Vendor to Administer Flexible Spending Account and COBRA Benefit Programs

Specific Action Requested:

That the Board of Commissioners authorizes the County Manager to enter into a three-year contract with Optum Health Financial Services, Inc. (Optum) for administration of the County's Flexible Spending Account and COBRA benefits programs, subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: The Board of Commissioners must authorize multi-year vendor contracts.

Background: The County issued a Request for Proposals (RFP) for vendors to administer the Flexible Spending Account (FSA) and COBRA benefit programs in a combined contract.

Board Goal: This action supports standard County operations.

Fiscal Impact: The Optum contract is projected to save the County approximately 7% (\$6,000) over 2019 costs based on current benefit enrollment levels.

Additional Information:

Wake County currently offers FSA and COBRA benefits through Interactive Medical Systems. The County has had FSA services with IMS since 1998 and COBRA since 2016. An FSA allows employees to use pre-tax dollars to pay for eligible out-of-pocket health care and dependent care expenses. The FSA plan year is January 1 through December 31 of each year with an annual open enrollment period. COBRA is a federally mandated program that allows terminated employees to continue participation in a group health plan for a limited time at full cost to the employee.

In March 2019, the County issued an RFP for vendors to administer the FSA and COBRA benefit programs in a combined contract.

The County received proposals from seven vendors: ASI Flex, Baker Tilly, Flexible Benefits Administrators, Flores & Associates, Interactive Medical Systems, Optum, and Total Administrative Services Corporation. In conjunction with the County's consultant, Marsh McClellan Agency, proposals were evaluated as to: Account Management Team, Cost Proposal, Employer Services, Member Services, Technology, Tools and Communication. Two vendors, Interactive Medical Systems and Optum, were selected for interviews and further discussion of benefit offerings.

Based on final evaluation, staff recommends Optum provide FSA and COBRA administration services to the County based on its Performance Guarantees (Table 1), Enhanced Services (Table 2), and Projected Cost Savings (Table 3). The contract will be effective 1/1/2020, the beginning of the plan year.

Table 1 – Performance Guarantees
Performance measured quarterly
17 separate performance measures
Up to 25% of monthly fees at risk

Table 2 – Optum Enhanced Services	
Flexible Spending Account	COBRA
<ul style="list-style-type: none"> • 24/7 customer service center hours • Two debit cards provided to participants at enrollment • Daily claim payments • Monthly account statements provided to participants • Quarterly FSA education emails sent to participants • Plan non-discrimination testing provided at no cost 	<ul style="list-style-type: none"> • Expanded customer service center hours • Monthly invoices sent to participants • Late payment notices sent to participants • No fee for participants to pay premiums by debit/credit card

Table 3 – Projected Cost Savings			
	Current	IMS Proposal	OPTUM Proposal
FSA	\$72,172	\$70,980	\$60,840
COBRA	\$9,041	\$9,786	\$14,424
Projected Cost	\$81,213	\$80,766	\$75,264
Projected Savings	-	\$447	\$5,949

Attachments:

1. Presentation
2. FSA & COBRA Proposal Scorecard
3. Enhanced Services Overview