

Flexible Spending Account & COBRA Administration

Award of Vendor Contract

August 19, 2019



Overview of Presentation

Purpose

To request the Board of Commissioners authorize the County Manager to enter into a 3-year vendor contract for administration of the County's Flexible Spending Account and COBRA benefits programs.

Agenda

- Vendor Selection Process
- Staff Recommendation
- Board Action Requested

Vendor Selection Process

A Request for Proposals was issued for these employee benefits

Health Care Flexible Spending

Allows employees to use pre-tax dollars to pay for eligible out-of-pocket health care expenses.

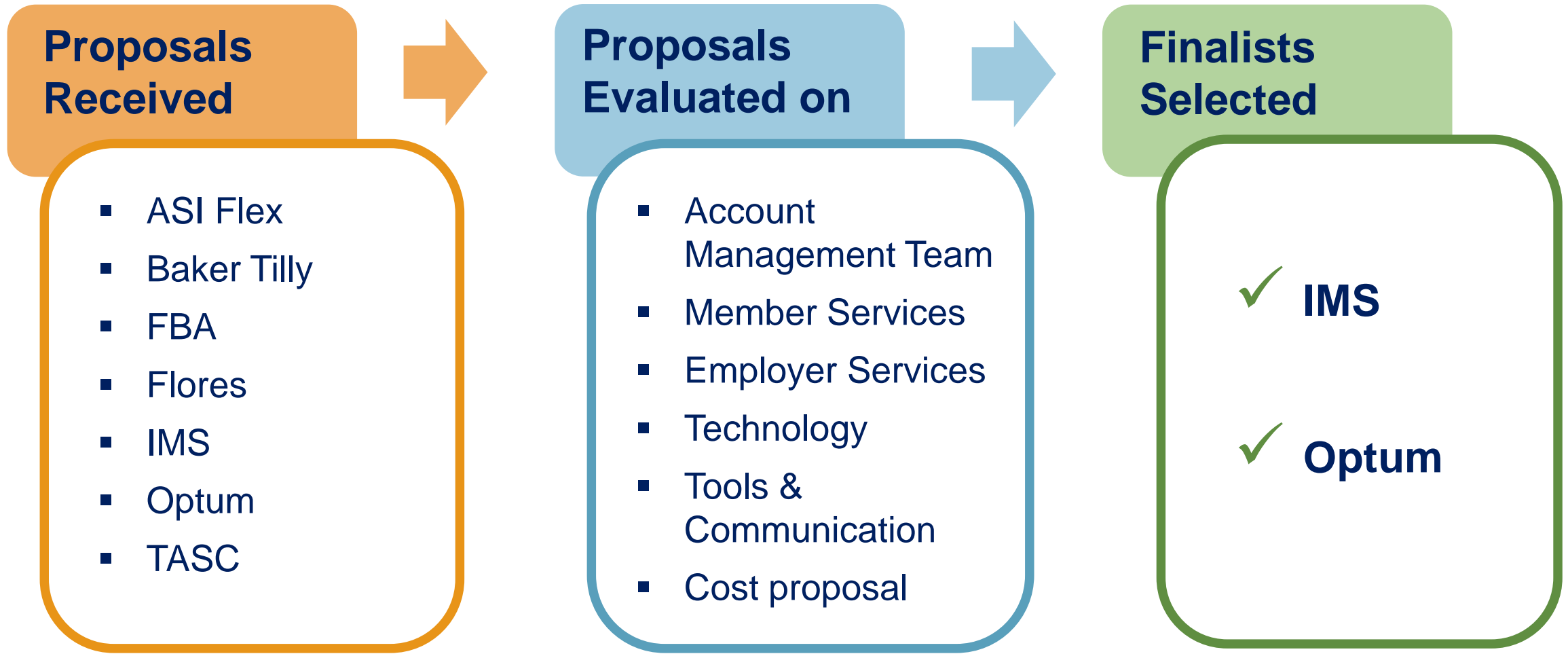
Dependent Care Flexible Spending

Allows employees to use pre-tax dollars to pay for eligible dependent care expenses (e.g. day care).

COBRA

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.

Vendor Selection Process



Staff Recommendation - Optum

Optum

- **Rate guarantee**
- **Performance guarantees**
- **Enhanced services**
- **Cost savings**

Optum – Performance Guarantees

Performance measured quarterly

17 separate performance measures

Up to 25% of monthly fees at risk

Optum - Enhanced Services

Optum offers enhanced FSA & COBRA administration services

FSA

- 24/7 customer service center hours
- Two debit cards provided at enrollment
- Daily claim payments
- Monthly account statements to participants
- Quarterly FSA education emails
- Plan non-discrimination testing at no cost

COBRA

- 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

COBRA – Annual Cost

	IMS	Optum
COBRA (PEPM)		
Enrollment	3,728	3,728
Standard Open Enrollment	N/A	N/A
Monthly Fee	\$0.40	\$0.45
Estimated Annual Cost	\$17,894	\$20,131
COBRA (Activity Based)		
Average New Hires	16	16
Average Terminations	53	53
Average COBRA QE	6	6
Average COBRA participants	43	43
One Time Takeover Fee	N/A	N/A
Initial Notice (per occurrence)	5.00	0.00
Qualifying Event Notice	\$7.00	\$16.00
Ongoing Administration (PPPM)	\$7.50	\$6.00
Estimated Annual Cost	\$9,786	\$14,424

FSA – Annual Cost

	IMS	Optum
Rate Guarantee	3 years	3 years
FSA		
Enrollment	1,690	1,690
Open Enrollment	-	-
Monthly Fee (PPPM)	\$3.50	\$3.00
Plan Document	-	-
Estimated Monthly Cost	\$5,915	\$5,070
Estimated Annual Cost	\$70,980	\$60,840

Notes: Pricing based on <1,999 participants

Combined FSA and COBRA:	\$80,766	\$75,264 (\$5,502)
-------------------------	----------	-----------------------

Optum - 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



Based on current participation levels, the savings is approximately \$6000

Action Requested

- At the August 19 meeting, request Board to consider approval of three-year contract with Optum Health Financial Services, Inc.