

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	November 18, 2013
	Agenda Item No.	44
	Roll Call No.	<u>13-1829</u>
	Communication No.	<u>13-559</u>
	Submitted by:	James R. Wells, Human Resources Director

AGENDA HEADING:

Approve administrative services only agreement with Wellmark Blue Cross and Blue Shield of Iowa, John Forsyth, CEO, 636 Grand Avenue, Des Moines, Iowa 50309, to provide claims administration for employee Flexible Spending Accounts (FSA) and Health Reimbursement Accounts (HRA) for period January 1, 2014 through June 30, 2015.

SYNOPSIS:

Approve agreement with Wellmark for administration of employee flexible spending and health reimbursement accounts for 18 month period beginning January 1, 2014 through June 30, 2015 to align contract term with health insurance contract. Flex benefits administration will be considered with the health insurance renewal effective July 1, 2015.

FISCAL IMPACT:

Amount: \$3,150 per month (\$4.40 per employee per month)

Funding Source: Health/Dental Insurance, ISO301, HRS960100, Health and Dental Fund, p. 132

ADDITIONAL INFORMATION:

The City provides its employees the opportunity to defer salary pre-tax into a FSA for the purpose of paying qualified medical expenses and/or dependent day care costs. Central Iowa Public Employees Council (CIPEC) employees receive City contributions into a HRA. Currently, 715 employees participate in a medical spending, dependent day care, and/or health reimbursement account. Sixty-one Airport Authority employees participate in a FSA account administered through the City group.

Wellmark has administered these accounts since 2006. Bids for flex administration were taken in November of 2012 and Wellmark was selected to administer the FSA and HRA accounts for Fiscal Year (FY) 2013. The benefit year for flexible spending accounts is January through December.

In May 2013, Council approved an exception to the procurement ordinance for a six (6) month extension to Wellmark's agreement to administer flex benefits. This was done so that the contract would coincide with the benefit year. Based on recommendations from the City's benefit consultant and the City's purchasing department, staff recommends that the FSA and HRA benefits be renewed as part of the health plan agreement for several cost saving and administrative efficiency reasons including:

- Automatic integration: Having the same vendor for health and flex administration allows for a streamlined integrated process without the need to send claim files to a third-party vendor.
- Automatic reimbursement: With the medical claim data in one place, flex claims can be automatically adjudicated without sending a medical claim file externally to a vendor or the need for a manual claim to be filed by employees.
- Costs: When the flex benefits administrator is not also the health carrier, the City incurs additional expense for the health carrier to send claim files to the flex administrator. The City doesn't currently incur this cost because of the integrated solution with Wellmark. The last time this benefit was bid, the cost for the file feeds were around \$20,000 per year.

A waiver to the competitive bid process is allowed when good cause is shown. The agreement with Wellmark will be extended for 18 months from January 1, 2014 through June 30, 2015 and then considered with the health insurance renewal on July 1, 2015.

PREVIOUS COUNCIL ACTION(S):

Date: May 20, 2013

Roll Call Number: [13-0812](#)

Action: [Exception](#) to Competitive Procurement Process and approving administrative services only agreement with Wellmark Blue Cross and Blue Shield of Iowa to provide claims administration for employee flexible spending accounts and health reimbursement accounts for the period July 1, 2013 through December 31, 2013. ([Council Communication No. 13-266](#)) Moved by Hensley to adopt. Motion carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the first floor of City Hall, 400 Robert D. Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.