

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date:	May 18, 2015
	Agenda Item No.	44
	Roll Call No.	<u>15-834</u>
	Communication No.	<u>15-241</u>
	Submitted by:	James R. Wells, Human Resources Director

AGENDA HEADING:

Award of Contract with Kabel Business Services, Jim Kabel, President, 1454 30th Street, Unit 202, West Des Moines, Iowa 50266, for administration of the City's flexible spending accounts for the period July 1, 2015 through June 30, 2018 with additional two (2) one-year renewals.

SYNOPSIS:

Approve administrative services only agreement with Kabel Business Services for flexible spending account administration based on the criteria used in Request for Proposal (RFP) V15-80.

FISCAL IMPACT:

Amount: Estimate based on enrollment \$42,139.

Funding Source: Health and Dental Fund, I301 ND4122647, FY 16 Operating Budget, p. 126

ADDITIONAL INFORMATION:

The City provides its employees an opportunity to defer salary pre-tax into a flexible spending account (FSA) for purpose of paying qualified medical expenses and/or dependent day care costs. Employees covered by the Central Iowa Public Employees Council (CIPEC) receive City contributions into a health reimbursement account (HRA) in addition to having the ability to defer their own money into a flexible spending account. Des Moines Airport Authority employees also participate in the City's flexible spending accounts. At this time, 889 employees participate in a FSA and/or HRA account. Wellmark is the current contractor for the City's flexible spending plans; however, they recently outsourced their FSA and HRA administration to Wage Works. Their current contract with the City expires June 30, 2015.

On February 6, 2015, the City issued a RFP for health insurance, dental insurance and flexible spending account administration. Three (3) standalone proposals (Wellmark/Wage Works, Discovery Benefits, and Kabel Business Solutions) were submitted for administration of the City's flex plans. An evaluation team including employees from Human Resources, Finance and the City Manager's Office evaluated the proposals with finalists presenting to the City's labor leaders and a representative from the Airport. City benefit consultant, Holmes Murphy and Associates (HMA), assisted staff with drafting the RFP and vetting proposals.

The scoring criteria consisted of: 25 points for qualifications and experience; five (5) points for administrative services provided; 70 points for costs; and one (1) point for local preference.

Flexible account administrators charge a monthly per participant fee. Kabel submitted the lowest monthly participant fee of \$3.95. Discovery Benefits was the next lowest at \$4.40 per participant per month and then Wellmark at \$4.80 per participant per month plus an annual \$400 administrative fee. Wellmark currently charges the City \$4.40 per participant per month. The term of the agreement is three (3) years with an option for two (2) one-year renewals. Kabel has guaranteed their \$3.95 rate for all five (5) years.

Employees currently participating in either the FSA or HRA plan will be notified directly of the change in carriers. Flex claims will no longer be automatically processed with the health plan, however debit cards will be available for participants at no additional cost to the City or employee. Debit cards allow participants to use their flex dollars for qualified expenses at the point of sale without having to pay first and then wait for reimbursement.

Kabel also administers flex plans for Polk County, Des Moines Public Schools, and Des Moines Area Community College. Human Resources staff received positive references from these entities.

Kabel Business Services submitted the winning proposal through the RFP process. Some disruption will occur with current flex participants, but Kabel has committed to providing the necessary education and training to make the transition as seamless as possible. Staff recommends award of contract to Kabel Business Services.

PREVIOUS COUNCIL ACTION(S):

Date: November 18, 2013

Roll Call Number: [13-1829](#)

Action: [Exception](#) to competitive procurement process and approving administrative services only agreement with Wellmark Blue Cross and Blue Shield of Iowa (John Forsyth, CEO) to provide claims administration for employee flexible spending accounts from January 1, 2014 through June 30, 2015. ([Council Communication No. 13-559](#)) Moved by Coleman to adopt. Motion Carried 6-0.

Date: May 21, 2012

Roll Call Number: [12-0806](#)

Action: [Exception](#) to competitive procurement process and administrative services only agreement with Wellmark Blue Cross and Blue Shield of Iowa (John Forsyth, CEO) to provide claims administration for employee Flexible Spending Accounts (FSA) and Health Reimbursement Accounts (HRA) for period July 1, 2012 through June 30, 2013. ([Council Communication No. 12-238](#)) Moved by Hensley to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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