

Financial Services
Richard H. Hinds, Chief Financial Officer

**SUBJECT: REQUEST FOR AUTHORIZATION TO EXTEND
CONTRACT WITH FBMC BENEFITS MANAGEMENT, INC.
(FBMC) FOR ADMINISTRATIVE SERVICES – SECTION
125 FLEXIBLE BENEFITS PROGRAM AND
ENROLLMENT**

**COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL
RELATIONS**

**LINK TO STRATEGIC
FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY**

At the Board meeting of December 9, 2009, the Board authorized the renewal of its contract with FBMC Benefits Management, Inc., formerly Fringe Benefits Management Company (FBMC), pursuant to the renewal provision in Request For Proposal (RFP) #094-FF10, for a two-year term, effective January 1, 2010 through December 31, 2011. Staff is recommending an extension of the existing contract with changes in the scope of services to accommodate and support the "go live" of SAP's PY 1.0 for Payroll and Benefits which will occur in November, 2011. Due to the interdependence of data exchanges between the District and FBMC, it is staff's position that attempting to re-market this contract during "go live" would put at risk a successful SAP implementation for Benefits.

Over the past year, staff has been negotiating with FBMC to create a revised scope of services due to the fact that FBMC will not continue to perform specific services it has performed in the past, and enhance some aspects of the services it currently provides.

Authorization to extend this contract, subject to negotiations of a revised scope of service and pricing is provided by State Board Rule 6A-1.012(15) which allows a District School Board when purchasing insurance, entering risk management programs, or contracting with third party administrators, may make any such acquisitions through the competitive solicitation process, or by direct negotiations and contract.

Examples of services which will no longer be provided by FBMC once SAP goes live are as follows:

1. Data exchange with the District to provide employee/dependent coverage enforce and dependent premium structure.
2. Data exchange for provider remittance with the District to provide data on premiums due to health/life and flexible benefits carriers.
3. Online open enrollment capabilities.

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There are also services which FBMC will need to expand in order to support the newly developed work processes needed for support SAP:

1. Increase in on-site staffing by four new positions resulting in a local dedicated office team of 13 full time management and staff representatives.
2. Transition of home office (Tallahassee) based functional service requirement to FBMC on-site expanded team.
3. Tracking of all customer care, field office, flexible savings account (FSA) and overall participant or eligible interactions in SAP.
4. Transition from Premier Enroll system to SAP online enrollment system and uploads to provide updated information for customer service.
5. Billing services for flexible benefits for retirees.
6. Data retention and maintenance of historical information.

As a result of these changes in the scope of services, staff has negotiated a 25% **decrease** in FBMC's fee to provide third party service effective January 1, 2012, taking the current fee of \$6.25/per employee/per month for services to \$4.69/per employee/per month. This will result in annual savings of approximately \$730,000.

Staff feels that with this contract extension in place to adequately manage the go live of SAP for calendar year 2012, this contract, based upon the revised scope of services should be re-marketed during calendar year 2012 for an effective date of January 1, 2013. Staff will begin preparation of a Request For Proposal (RFP) for these services, which will be brought back to the Board in 2012 for approval.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. Authorize extension of its existing contract with FBMC Benefits Management, Inc., formerly Fringe Benefits Management Company (FBMC), subject to the revised scope of services, effective January 1, 2012 through December 31, 2012, with a fee of \$4.69 per employee/per month, representing a 25% reduction in annual fees from calendar year 2011; and
2. Authorize staff to begin work on a comprehensive Request For Proposal (RFP) for third party benefit services effective January 1, 2013, based upon the revised scope of services, to be brought back to the Board prior to issuance.

RHH:sbc