

Financial Services  
Richard H. Hinds, Chief Financial Officer

**SUBJECT: RENEWAL OF SELECTED THIRD PARTY  
ADMINISTRATION FOR EMPLOYEE BENEFITS WITH  
FBMC BENEFITS MANAGEMENT, INC.**

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

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

At the Board meeting of December 5, 2012, the Board authorized the Superintendent to award Request for Proposals (RFP) #051-MM10, Selected Third Party Administration for Employee Benefits to FBMC Benefits Management, Inc. for administrative services (A-F) at a rate of \$4.15 per employee per month effective January 1, 2013, for a one-year period, with subsequent one-year renewals for calendar years 2014 and 2015 to be approved by the Board.

Agenda Item E-70, School Board meeting of October 16, 2013 is awarding RFP# 077-NN10, Flexible Spending Account (FSA) Administration Services to TASC, effective January 1, 2014. This RFP was issued in order to begin unbundling the services of the third party administrative contract in order to obtain additional competition for these services.

As a result of awarding the FSA Administration Services to TASC, staff has received confirmation of rate credit of \$0.29/per employee/per month from FBMC Benefits Management, Inc. for not providing that service, resulting in a new composite rate for third party administrative services of \$3.86 per employee/per month, effective January 1, 2014. The previous rate was \$4.15 per employee/per month. Based upon an average benefit eligibility base of employees of 36,000, this reduction is expected to reduce the fees for Third Party Administration payable to FBMC Benefits Management by an estimated \$125,280 per year.

Staff is recommending renewal of the Third Party Administrative Contract with FBMC Benefits, Inc., for a two-year term, effective January 1, 2014 through December 31, 2015, excluding Flexible Spending Account (FSA) administrative services.

**E-71**

In addition, the Board also authorized the Superintendent to award Request for Proposal (RFP) 051-MM10, Selected Third Party Administration for Employee Benefits to FBMC Benefits Management, Inc. for insurance brokerage services (G), effective January 1, 2013 for a one-year period, with commission rates for 2014 and 2015 to be brought back to the Board for approval. Staff is recommending renewal of the insurance brokerage services proposed in RFP 051-MM10 for a two-year period, effective January 1, 2014 through December 31, 2015 at the following commission rates:

<u>Benefit/Service</u>	<u>Insurer</u>	<u>Commissions</u>	
		<u>1<sup>st</sup> Year</u>	<u>Renewals</u>
Universal Life	ING/Trustmark	90%/100%	5%
Critical Illness	ING/Trustmark	70%/80%	11%
Cancer	Trustmark	65%	12%
Long Term Care	UNUM/US Care	N/A	10%/0%

Staff is also recommending that one additional product consisting of accident insurance be added for spring enrollment. This voluntary product is designed to be a funding source for employees who may have out of pocket medical expenses as well as other expenses associated with accidental injuries. Being that this is offered in the spring enrollment as a voluntary benefit, there is no cost to the District in adding this coverage.

<u>Benefit/Service</u>	<u>Insurer</u>	<u>Commissions</u>	
		<u>1<sup>st</sup> Year</u>	<u>Renewals</u>
Accident (With Catastrophic Benefit)	Trustmark	65%	5%

<u>Premium</u>	<u>Employee</u>	<u>Employee &amp; Spouse</u>	<u>Employee &amp; Children</u>	<u>Family</u>
Monthly	\$18.47	\$28.30	\$43.00	\$52.82

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

1. renew the existing contract awarded to FBMC Benefits Management, Inc., pursuant to their proposal in response to RFP #051-MM10, Selected Third Party Administration for Employee Benefits for administrative services (A-F), not including FSA Administration with a revised rate of \$3.86 per employee per month for a two-year period effective January 1, 2014 through December 31, 2015; and

2. renew the existing contract awarded to FBMC Benefits Management, Inc., for insurance brokerage services (G), including the addition of the personal accident insurance program with the Catastrophic Benefit feature through Trustmark Insurance Company at the following commission rates, for a two-year period, effective January 1, 2014 through December 31, 2015:

<u>Benefit/Service</u>	<u>Insurer</u>	<u>Commissions</u> <u>1<sup>st</sup> Year//Renewal</u>
Universal Life	ING/Trustmark	90%/100%/5%
Critical Illness	ING/Trustmark	70%/80%/11%
Cancer	Trustmark	65%/12%
Long Term Care	UNUM/US Care	N/A/10%/0%
Accident	Trustmark	65%/5%

RHH:sbc