

Financial Services
Mrs. Judith M. Marte, Chief Financial Officer

SUBJECT: RECOMMENDATION FOR AWARD REQUEST FOR PROPOSALS (RFP) #15-066-YP, SELECTED THIRD PARTY ADMINISTRATION OF EMPLOYEE BENEFITS

COMMITTEE: FISCAL ACCOUNTABILITY

LINK TO STRATEGIC BLUEPRINT: EFFECTIVE AND SUSTAINABLE BUSINESS PRACTICES

At the Board meeting of April 13, 2016, the Board authorized the Superintendent to issue Request For Proposals (RFP) #15-066-YP, Selected Third Party Administration of Employee Benefits, including flexible spending account administrative services which were previously awarded under two separate RFPs.

The existing contract with FBMC Benefits Management, Inc. will expire on December 31, 2016. Additionally, the contract for Flexible Spending Account (FSA) Administration Services will expire on December 31, 2016.

There are seven (7) different components of this RFP which are listed below. Proposers could chose to bid on one, multiple or all components as long as they were severable.

- (A) On & Off-Site Benefits Education, Enrollment Assistance and Administrative Services
- (B) On & Off-Site System Data Input and Administration Services
- (C) Off-Site Customer Service Support
- (D) On & Off-Site Flexible Spending Account (FSA) Plan Administration Services
- (E) Off-Site Employee and Retiree Benefit Plan Communication Materials Development, Production and Mailing
- (F) On & Off-Site Retiree Benefits Education, Enrollment Assistance and Administrative Services
- (G) Insurance Brokerage Services for specified Voluntary Employee Benefit Insurance Coverages

The RFP was advertised on the Procurement Management Services website, as well as the DemandStar electronic vendor bidding notification system. This RFP was also sent to 19 vendors who were identified by the Board's benefits consultant, Aon Hewitt as companies that provide these services.

E-66

In total, two proposals were received in response to RFP# 15-066-YP at the scheduled bid opening of May 17, 2016. FBMC Benefits Management, Inc. (FBMC), and Total Administrative Services Corporation (TASC), provided proposals for services sought in the RFP, including insurance brokerage services for spring benefits enrollment. A third proposal from Transamerica was received after the May 17, 2016, 2:00 p.m. submission deadline and was deemed non-responsive.

FLEXIBLE SPENDING ACCOUNT (FSA) PLAN ADMINISTRATION SERVICES

The Superintendent's Ad-Hoc Committee met to review the received proposals on July 7, 2016. The committee reviewed and compared the proposals received from FBMC and TASC with respect to On & Off-Site Flexible Spending Account (FSA) Plan Administration Services (Component D).

FBMC submitted a proposal which included a per participant per month rate (PPPM) of \$3.60. However, the Ad-Hoc Committee had concerns regarding FBMC's utilization of a third party vendor who required the District to pre-fund 10% of the annual employee contribution to all employees' FSA accounts prior to allowing members to access funds.

The incumbent FSA administrator, Total Administrative Services Corporation (TASC) submitted a rate of \$3.95 PPPM which is the same as the expiring rate and did not require any pre-funding.

After reviewing both proposals the Superintendent's Ad-Hoc Committee unanimously voted to recommend awarding the On & Off-Site Flexible Spending Account (FSA) Plan Administration Services (Component D) to Total Administrative Services Corporation (TASC), for an initial three (3) year term, effective January 1, 2017, with the ability to renew for two additional one (1) year periods at a rate of \$3.95 PPPM which is the same as the expiring rate.

THIRD PARTY ADMINISTRATION OF EMPLOYEE BENEFITS

The committee continued to review the FBMC proposal for administrative services as they were the only respondent to the other components of the RFP. FBMC proposed a rate increase from the expiring rate of \$3.86 per employee per month (PEPM) to \$4.36 PEPM, representing a 13% increase. The committee directed the Board's benefits consultant, Aon Hewitt to negotiate a best and final offer from FBMC. Staff through Aon Hewitt negotiated a best and final offer of \$4.09 PEPM, representing a reduction of \$0.27(6.2%) from their original proposal of \$4.36 PEPM for all components of the RFP, excluding FSA Administration.

The Ad-Hoc Committee unanimously voted to recommend awarding the third party benefits administration services (Components A, B, C, E, F & G) to FBMC Benefits Management, Inc. for an initial three (3) year term, effective January 1, 2017, with the ability to renew for two additional one (1) year periods. One of the components of the RFP (Component G) is Insurance Brokerage Services for specified Voluntary Employee

Benefit Insurance Coverages which includes Universal Life, Critical Illness/Cancer, Personal Accident, Long Term Care* Insurance and Critical Life Events are offered to employees at their own cost.

However, after the recommendation was provided to the Superintendent, he directed staff to negotiate a further reduction and requested a revised best and final offer. As a result of the negotiation, FBMC provided a best and final offer of \$3.86, resulting in a 0% increase which is the same as expiring rate.

*Long term care policies continue to be offered to existing participants and are no longer open to new enrollments.

Commissions for voluntary insurance coverage are outlined below:

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

Revenue from the sale/renewal of these products in calendar year 2015 was approximately \$1.1M. These products are offered to employees during Spring Enrollment.

Fund Source

100000

RECOMMENDED:

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

1. Award (RFP) #15-066-YP, Selected Third Party Administration of Employee Benefits - On & Off-Site Flexible Spending Account (FSA) Plan Administration Services(Component D) to Total Administrative Services Corporation (TASC), at a rate of \$3.95 per participant per month (PPPM) effective January 1, 2017, for a three-year period with the ability to renew for two additional one-year periods; and
2. Award RFP # 15-066-YP, Selected Third Party Administration for Employee Benefits (Components A, B, C, E, F & G) to FBMC Benefits Management, Inc. for administrative services at a rate of \$3.86 per employee per month (PEPM) effective January 1, 2017, for a three-year period with the ability to renew for two additional one-year (1) periods.

JMM:mf