

**DEPARTMENTAL INPUT
CONTRACT/PROJECT MEASURE ANALYSIS AND RECOMMENDATION**

Rev 1

New contract
 OTR
 CO
 SS
 BW
 Emergency
 Previous Contract/Project No. **RFP707**

Re-Bid
 Other
 LIVING WAGE APPLIES: YES NO

Requisition/Project No: RFP-00605 TERM OF CONTRACT: 5 year with 1 two-year options-to-renew

Requisition/Project Title: Third Party Administrator for Flexible Spending Accounts

Description: Third Party Administrator for Flexible Spending Acc
 User Department(s): Human Resources

Issuing Department: Procurement Contact Person: Manny Jimenez Phone: 305-375-4425

Estimated Cost: \$525,000 Funding Source: General Fund, Municipalities and Employee Contributions REVENUE GENERATING: N/A

ANALYSIS

Commodity/Service No: <u>91869 Insurance Consulting Services</u> SIC: _____	
Trade/Commodity/Service Opportunities	
Contract/Project History of Previous Purchases For Previous Three (3) Years Check Here <input type="checkbox"/> if this is a New Contract/Purchase with no Previous History	
	EXISTING 2ND YEAR 3RD YEAR
Contractor:	<u>WageWorks, Inc.</u>
Small Business Enterprise:	
Contract Value:	<u>\$525,000</u>
Comments:	
Continued on another page (s): <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

RECOMMENDATIONS

SBE	Set-Aside	Sub-Contractor Goal	Bid Preference	Selection Factor
		%		
		%		
		%		
		%		

Basis of Recommendation:

Signed: Manny Jimenez Date to SBD: 05-31-2017

Date Returned to PM: _____

2.0 Scope of Services

2.1 Introduction/Background

Miami-Dade County, hereinafter referred to as the County, as represented by the Miami-Dade Human Resources (HR) Department, is soliciting proposals for the provision of a Flexible Spending Account Program (FSA), including Health and Dependent Care account administration, compliance, develop and maintain the Cafeteria/Section 125 plan document and non-discrimination testing. The purpose of this Request for Proposal (RFP) is to establish accountability through a contractual relationship with vendors offering Flexible Spending Account Program. The anticipated effective date of services for any contract resulting from this RFP process would be January 1, 2018. The County's FSA Plan consists of the pre-tax Health Care Flexible Spending Account (HCFSA) and Dependent Care Flexible Spending Account (DCFSA).

The County wants to evaluate the current marketplace for FSA (Health, and Dependent Care) services and select a Proposer that is "best in class" and competitive in terms of services, technology, size, and fees. The County is also interested in offering a debit card for direct payment of eligible expenses from a participant's account without having to submit a claim form for reimbursement.

Additional services also outlined for the administration of Direct Billing - Leave of Absence (LOA) Administration Retiree Billing Services and Employee Benefit Statements; should the County decide to adopt such programs. Please refer to the Miami-Dade County Employee Census Data provided as an electronic file listed in **Attachment X** for the eligible employee listing, which consists of about 27,000. For more information about specific plan provisions and benefits provided by the County, please see **Attachment X** for plan descriptions and other documents.

The Proposer may quote any or all plans/products for all eligible employees. The County reserves the right to contract directly for one (1) or more plans independently or contract for multiple plans/programs from the same Proposer. The County will contract with companies that provide these services. The County will not contract with independent agents to provide these services. It will be the Proposer's responsibility to appoint, supervise, and maintain properly licensed and trained agents to offer these products and to ensure proper recordkeeping, billing, and documentation for each plans/products offered.

The County anticipates awarding one (1) contract for a five (5) year period with one (1) two-year option to renew, at the County's sole discretion.

2.2 Minimum Qualification Requirement

The minimum qualification requirements for this Solicitation is that the Proposer shall be licensed by the State of Florida, Office of Insurance Regulation, to provide the plan/program services for which the proposal is being submitted for, as of proposal due date.

(Note: The above requirement is a continuing requisite throughout the contract award and term of the agreement).

2.3 Description of Current FSA Plan Participation and LOA Retiree Billing Services

a) Current Section 125 Cafeteria Benefits (Pre-Tax)

The County currently offers eligible employees the following:

Plan Type	Plan Description	Plan Providers	Plan Payment
Medical	One (1) self-funded Point of Service (POS) Plan	AvMed, Inc.	County pays 84% of the cost for the "employee only" coverage
	Four (4) self-funded Health Maintenance Organization (HMO) with High and Low Options	AvMed, Inc.	County pays 100% of the cost for the "employee only" coverage
Dental	One (1) Dental Preferred Provider Organization (DPPO) (Standard & Enriched)	Delta Dental Insurance Company	County pays 100% of the cost for the standard "employee only" coverage
	One (1) Dental Health Maintenance Organizations (DHMO)	Delta Dental Insurance Company	County pays 100% of the cost for the standard "employee only" coverage
Vision	One (1) vision plan (Optix Vision Plan)	MetLife Vision	100% paid for by the employee
Flexible Spending Accounts	Health Care Flexible Spending Account Dependent Care Flexible Spending Account	WageWorks	100% paid for by the employee

Any full-time employee who has completed 60 days of employment is eligible for benefits. Part-time employees who consistently work at least 60 hours bi-weekly and have completed 60 days of active employment are also eligible for benefits. Coverage is effective the first day of the month following or coincident to the completion of the 60-day eligibility period.

b) FSA Plan Participation

The current FSA program, administered by WageWorks, offers a flexible medical reimbursement account and a dependent reimbursement account including a two-and-one-half-month grace period. Currently there are a total of 1,701 participants, of which 1,538 are enrolled in a Medical Spending Account and 163 are enrolled in a Dependent Care Account. Employees currently enroll online using the County's employee self-service system for benefits elections either as a new employee or during annual open enrollment. Information is transferred into the HR payroll system. The current minimum contribution is \$10 bi-weekly for each account enrolled. The County intends to maintain the current minimum. However, the County reserves the right to change the bi-weekly minimum and annual maximum contributions for any Plan year (January 1 – December 31). The current amount for administrative fees is \$2.02; due bi-weekly from employees enrolled in one (1) or both accounts. Employees are reimbursed by check or by direct payment from the administrator. Employees must submit receipts by prescribed deadlines. The County offers an online application through which members can submit documentation of receipts for reimbursement and offers debit cards to FSA members.

2.4 Services to be Provided

The selected Proposer shall provide the following services:

2.4.1 Implementation, administration and management of the FSA Plan pursuant to Sections 125 of the IRS code and the regulations promulgated thereunder beginning with Plan year effective date of January 1, 2018. The Third Party Administrator shall perform non-discrimination testing for the County's FSA Plan.

2.4.2 Preparation of the Plan document (to include review by selected Proposer's legal counsel) governing the FSA to be provided to the County within 90 days of contract execution.

2.4.3 Submit a detailed implementation plan and timetable, to include deadlines, deliverables, and responsible staff for each task to be provided to the County for approval no later than 60 days of contract execution. The implementation plan shall include:

- 1) Initial testing of electronic interface with the County's payroll system and data transfer schedules;
- 2) Open enrollment planning;

- 3) Procedures for Plan administration and banking services;
- 4) IRS Sections 125 and 129 and any other non-discrimination testing for the County's FSA Plan; and
- 5) Filing of any documents required by state or federal laws.

2.4.4 Develop and provide annual updates to spending account related information in the County's Benefits Handbook within ten (10) business days of the County's request. Said updates will also be included in the County's open enrollment newsletter. The intent of the updates is to educate employees on the tax advantages and/or possible disadvantages of the FSA Plan and promote participation.

2.4.5 The selected Proposer shall also provide participants with communication materials pertaining to the FSA Plan, to include correspondence advising of forfeiture prevention, and notification of changes in legislation. The selected Proposer shall submit the communication materials and subsequent updates to the County's Benefits Manager for review and approval at least sixty (60) days before the start of the annual open enrollment. The selected Proposer shall make any revisions requested by the County's Benefits Manager prior to releasing to FSA Plan participants.

2.4.6 Accept the County's standard Benefits Enrollment Form provided as **Attachment X** for new enrollees and open enrollment. The County shall retain final approval authority of the standard enrollment form to be utilized. The County utilizes web enrollment for the annual benefits open enrollment and new hire enrollments. However, in some instances, paper forms may be utilized. The selected Proposer shall provide system interface and data format requirements for enrollment and eligibility data.

2.4.7 Develop for usage by the County, a Flexible Benefits Change in Status Form subject to the County's final approval. The current Change in Status Form utilized is provided as **Attachment X**.

2.4.8 Provide all COBRA Administration services, with respect to FSA Plan administration, including mailing of initial COBRA notification letter to qualified beneficiaries with outstanding balance in the Health Care FSA, upon notification of a qualifying event from the County.

2.4.9 Comply with Performance Guarantee Provisions. (See Performance Guarantee Provisions Worksheet, **Attachment X**.)

2.4.10 Develop FSA claim forms which shall be provided to the County for approval prior to release to participants. A small supply of claim forms shall be provided to the County throughout the Plan year and the selected Proposer shall post the form on selected Proposer's established website so that employees may readily access.

2.4.11 Administer the provisions of Health Insurance Portability and Accountability Act (HIPAA) including notification to participants of their HIPAA rights.

2.4.12 Pursue the collection of all FSA contributions directly from participants on a leave of absence status. This includes issuing delinquent and cancellation notices to participants whose premiums are in arrears. The County will notify selected Proposer of participants on leave of absence status. A sample Leave of Absence Billing Notice is provided as **Attachment X**.

2.4.13 Provide legal opinion, as requested by the County, for clarification purposes on matters relating to, but not limited to, support of day-to-day activities involving amendments in legislation impacting IRS Section 125, Plans and allowable change in status events.

2.4.14 Attend open enrollment meetings and health fairs held throughout the County at approximately 22 County locations and two (2) annual (Spring and Fall) wellness fairs.

2.4.15 Plan for FSA open enrollment requirements and manage open enrollment information packages.

2.4.16 In addition to Online web tools for enrollment, submission of expense documentation and account balances; the selected Proposer shall provide fax and Interactive Voice Response (IVR) capabilities for claim submission.

2.4.17 Provide debit card(s) and manage all debit card transactions for participants eligible to pay FSA expenses at the point of service, or withdraw expenses for reimbursement.

2.4.18 Provide all other related services necessary to administer the Plan.

2.5 Administrative and Related Services

The following administrative services shall be performed by the selected Proposer:

2.5.1 Provide administrative and reporting systems that conform to the County's data processing requirements and are designed to interface with the County's payroll system. The bi-weekly payroll FSA data file is transmitted, using a File Transfer Protocol (FTP), to a specific server for selected Proposer to retrieve the data file no later than 24 hours after the bi-weekly payroll is processed. The selected Proposer shall reconcile payroll, and shall provide a reconciliation statement to the County on a bi-weekly basis identifying any discrepancy between employee elections and payroll deductions.

2.5.2 Process participant contributions and requests for reimbursement according to Plan and IRS rules. Promptly credit contributions to participant accounts and update account balances within 48 hours of receipt of transmittal. Debit periodic payments against those accounts, according to authorizations submitted by the participants. Daily reimbursements to participants shall be made via check or direct deposit within four (4) working days after a clean (no additional information required) claim is filed.

2.5.3 Quarterly account statements shall be provided to participants upon processing claims in addition to, a "Use It or Lose It" letter to be issued during the fourth quarter as a fifth statement. Statements shall include expected annual deposits, year-to-date authorized requests, year-to-date contributions, claims filed, claims paid, and remaining balances.

2.5.4 Allow, in accordance to IRS guidelines, the carryover provision at the end of each Plan year. Calculate the roll over amount (currently up to \$500) after all expenses have been reimbursed for that Plan year. The remaining unused balance in excess of the allowable amount (\$500) at the end of the immediately preceding Plan year is forfeited to the County under the amended "Use It or Lose It" rule. Participants will be allowed 120 days for filing requests for reimbursement after the close of each Plan year which ends December 31.

2.5.5 Allow both HCFSA and DCFSA participants until April 30 to file for reimbursement of claims incurred in the prior Plan year.

2.5.6 Provide participants written notice of pending or denied claims to include the reason for the action.

2.5.7 All participant reimbursement checks shall be clearly marked "Void after 180 Days;" the County will not be responsible for the payment of expired checks.

2.5.8 Provide for direct deposit of FSA checks to participating employees' financial institutions, if requested by the employee in writing.

- 2.5.9 Issue notification correspondence to participants with outstanding checks. The notification letter shall be sent to the participant via U.S. Mail when the check has been outstanding for 4-months.
- 2.5.10 Provide customer service representatives via a toll-free telephone number, Monday through Friday 8:00 a.m. to 7:00 p.m. EST.
- 2.5.11 Provide an acceptable process to resolve participant complaints within 48 hours of receipt.
- 2.5.12 Provide automated customer service and account balance information accessible 24 hours, 7 days a week via an established toll-free telephone line and website with applicable controls.
- 2.5.13 Ensure that the Plan complies with all applicable federal and state laws. This includes, but is not limited to, compliance with IRS regulations.
- 2.5.14 Conduct an annual review to assure that the Plan remains non-discriminatory within the confines of IRS regulations so that participating employees do not incur unnecessary tax liability. The selected Proposer shall recommend actions to be taken by the County as the result of this review. This shall include non-discrimination testing for IRS Sections 105, 125 and 129 and any other applicable tests for the FSA Plan. The review for the calendar year will be provided to the County within 21 days upon receipt of a clean data file from the County. The selected Proposer shall notify the County by the end of the first quarter of the calendar year of testing data requirements.
- 2.5.15 Complete and file any IRS filings required by federal law.
- 2.5.16 Conduct and provide annual audit findings to the County. The audit shall focus specifically on the County's account administration and include a review of all banking activities, claims and reimbursements, reimbursement account statements, and financial and customer service criteria.
- 2.5.17 Maintain participant records for a minimum of 7 years.
- 2.5.18 Prepare a customized Policies and Procedures Manual for services requested herein, which will be utilized by the selected Proposer and the County.
- 2.5.19 Fulfill, upon expiration of any agreement as a result of this Solicitation, all responsibilities of the Plan year, including but not limited to, the administration of the FSA Plan through the "grace" and "run out" periods.

2.6 Banking Requirements

The selected Proposer shall set up and manage a zero balance account (ZBA) with a chosen financial institution for the purpose of receiving funds for administrative fees, premiums, and disbursements of accounts. The County has chosen Wells Fargo Bank, N.A. to maintain the Miami-Dade County master bank account. The ZBA will be integrated for funding from a Miami-Dade County master bank account to expedite processing. Proposer shall have access and authority only to the ZBA established by the Proposer, not to Miami-Dade County's master bank account.

The ZBA established by the Proposer, in the performance of the Services described herein, should conform to the criteria below:

- a. Should include analysis of all charges for stop payment requests, courier services, wire transfers, overdrawn account, check processing, etc. against available balances without any charges being incurred by the County.
- b. Provide monthly statements of contributions accrued to the County's Finance Department.

- c. Bear monthly interests on the remaining balance of any funds on the account and shall be payable quarterly or upon the County's request.
- d. Execute direct deposit of participant reimbursements.

All participants' salary deductions for FSA Plan contributions shall be deposited into the County's Cafeteria Benefits Account, which shall remain under the control of the County. The County's Finance Department shall deposit these funds into the selected Proposer's ZBA Account, not to exceed the balance in the County's Cafeteria Benefits Account. Transfers to the selected Proposer's account are subject to post audit and adjustments within 60 days of the transfer.

2.7 Reporting

The selected Proposer shall provide the following reports for the services provided:

2.7.1 Monthly reporting of reconciliations and forfeitures to the County within 20 days of the end of each month and a final end of year review within 60 days after the ending date of the allowed period for filing reimbursement claims after the close of each Plan year.

2.7.2 Bank account reconciliation report, signed and dated by the selected Proposer's accountant or fiscal manager, within 30 days of each bank statement date and submitted along with the bank statement.

2.7.3 Quarterly report to the County reflecting every reimbursement check that remains outstanding for the Plan year within 15 days after the end of each quarter.

2.7.4 Annual report to the County detailing the nature and amount of any existing surpluses within 30 days after the end of each Plan year.

2.7.5 Various ad hoc FSA reports detailing enrollment, turnaround time on claims processing, account balances and forfeitures, as requested by the County. The reports include, but are not limited to:

- a) Annual report of funds to be forfeited no later than June 1 for the prior year
- b) Weekly reports of claims to be funded
- c) Quarterly report of actual claims turn-around time

2.7.6 Quarterly reports detailing County-specific customer service statistics within 15 days after the end of each quarter. The reports shall provide the following details:

- a) Number of calls received
- b) Number of callers put on hold (should be no more than 25 percent)
- c) Average length of time on hold (should be no more than 1 minute)
- d) Average length of calls
- e) Number of call backs and reasons for call backs
- f) Categories of calls and detailed descriptions

2.8 General Administration, Key Tasks and Suggestions

The selected Proposer should clearly describe how the Proposer can accomplish each of the tasks in the Scope of Services. The below are emphasis of the key tasks and suggestions:

a) Customer Service

Customer service is important to increase the Plan participation and participant employee's satisfaction. Your Proposal should include customer service representatives via toll-free /claim office telephone number. Providing customer service lines with a local Area Code, in addition to the toll-free line will also improve customer satisfaction and support. Miami Dade County is a global gateway and serves a diverse international community, so bilingual

customer service is the standard. The selected Proposer should agree to this standard and should provide a bilingual call center fully-staffed with representatives at no additional cost. The selected Proposer should handle the intake and review of all customer service inquiries and appeals. The hours of operation should be 8:00 a.m. to 7:00 p.m. EST.

The selected Proposer should provide communications material to participants in ready-to-print format such as benefit booklets, newsletters or similar informational materials, web-access to interactive information, new participant letters and informational packets, etc. The Benefits Department shall review and approve all communication materials, including direct mailing. Postage costs are to be paid by the Proposer.

b) FSA Administration and Support

The Proposer should:

1. Agree to facilitate the expeditious funding and support of benefit claims. The Proposer shall set up and manage a ZBA at Wells Fargo Bank, N.A. under Proposer's Federal Employer Identification Number (FEIN). The ZBA will be integrated for funding from a Miami-Dade County master bank account.
2. Be capable to accept data and payment in an electronic format established by the County.
3. Maintain records of contributions, interest income, benefit payments and other administrative fee deductions, and resulting account balances of County participants and report the same to the County in a format and frequency acceptable to the County.
4. Process and settle all claims on a timely basis.
5. Provide Visa debit cards to new participants within 5 days of receiving the electronic data eligibility file and send via U.S. mail within 3 days of issuance.
6. Provide the County with the information in its custody for use in preparing all returns and reports that are required by the Internal Revenue Service, the Department of Labor and any other federal, County, or county agencies. The selected Proposer shall assist in the preparation of such returns and reports whenever called upon to do so the County.
7. Provide cost and utilization reports in a format agreed to and on a schedule agreed to by the Benefits Department. The cost of such reports is to be paid by the Proposer. The County shall also have access to the Proposer's systems to produce reports as needed. The reports should include, but not be limited to, the following – amount submitted for reimbursement by month, amounts paid by month, account enrollment by month and annual reimbursement summary and forfeitures.
8. Prepare and file all applicable regulatory and tax instruments (such as W-2, W-2C's, 1099, etc.), provide discrimination testing semi-annually, provide and update plan document, as needed, with no additional cost to the County.
9. Provide the County the right to a monthly audit and/or an independent third party audit. The third party audit firm shall be selected by the County.
10. Stay current on legal and regulatory changes affecting any of the FSA plans, and advise the County of any regulatory, legal, or procedural changes needed to administer and maintain the FSA Plan in accordance with all appropriate federal and county statutes then in effect.
11. Participate in the open enrollment and assume the cost of your plan materials for open enrollment.

2.9 Additional Service

In the event the County wishes to include additional services as it relates to the Direct LOA, Retiree Billing and Annual Benefit statements, the following would be the requested services:

a) Direct LOA, Retiree Billing, and Annual Benefit Statements (if adopted by the County)

The Current programs are administered internally by Miami-Dade County Human Resources Benefits Division. Proposer administering Direct LOA\Retiree Billing must comply with the County's e-commerce protocols for electronic payments. The selected Proposer should have the capability of billing and collecting insurance premiums directly from employees on leave of absence and remitting funds to insurance carriers. Refer to **Attachment X**. LOA Direct Billing Services include:

1. Providing all communications to the Employee on LOA
2. Monthly Invoicing to the Employee on LOA
3. Tracking of collected premiums while on LOA
4. Disbursement of collected premiums while on LOA
5. Issuing delinquent and cancellation notices to participants whose premiums are in arrears while on LOA
6. Employee option to pay by ACH
7. Online Employer Access;

b) Retiree Administration and Billing Services

1. Customized Administrative Service Plan
2. Providing all communications to eligible Retiree participants
3. Issuing delinquent and cancellation notices to participants whose premiums are in arrears
4. Monthly coupon billing
5. Itemize subsidy amounts
6. Premium withdrawn from pension checks
7. Invoice remittance to carriers
8. Retiree coverage enrollment and termination
9. Online Employer Access

c) Employee Benefit Statements

Develop annual employee benefit statements, including delivery (mailing). The benefit statement will be a personalized employee specific summary that provides a comprehensive snapshot of all benefits offered by the County and their dollar value. Additionally, the statement provides an estimated value of benefits available to an employee or his/her survivors in the event of a voluntary retirement, disability, or death. The proposer must have the capability of importing electronic data from several sources and assemble into a comprehensive benefit summary.

1. A comprehensive, personalized, and clear overview of all total compensation components
2. The statement format keeps the focus on the value of each employee's total compensation package
3. Dynamic online version updated in real time
4. Total employer contributions - including employer's share of FICA, Medical/Dental/Vision/Life/AD&D Insurance, Vacation and Sick Time, FRS Retirement, and increased healthcare costs
5. Projected pension figures