



Department of Human Resources
Division of Employee Benefits

INTER-OFFICE COMMUNICATION

Date: November 11, 2019
To: Chairman Theodore Lipscomb Sr., Milwaukee County Board of Supervisors
FROM: Tony L. Maze, Director of Benefits Administration – Department of Human Resources *tlm*
SUBJECT: **Report from the Director of Benefits Administration, Department of Human Resources, requesting authorization to execute a three-year contract extension with Employee Benefits Corporation (EBC) for Flexible Spending Account and COBRA administration services from January 1, 2020 – December 31, 2022**

Background

Milwaukee County currently provides Flexible Spending Account and COBRA administrative services through Employee Benefits Corporation (EBC). The Benefits Division negotiated a reduction in cost for administration services provided by (EBC).

The Benefits Division conducted an RFP facilitated by Milwaukee County's Procurement Department to identify a vendor capable of administering our plans.

Vendor Selection

The RFP process identified Employee Benefits Corporation (EBC) as the firm most capable of administering the County's Flexible Spending Account and COBRA administration. They are an effective employee-owned company located in Madison, Wisconsin, whose core business is Flexible Spending Account and COBRA administration. They are financially stable, have a proven track record of quality customer service, and will continue to offer the same convenience-based services (e.g. debit card).

Financial Analysis

EBC will charge Milwaukee County administrative fees of \$2.90 per enrolled participant per month for Flexible Spending Account Administration (approximately \$114,000 per year) and \$0.37 monthly administration fee per number of unique employees enrolled in COBRA. This amount varies month to month.

Requested Action

Authorization for the Director of Benefits Administration to extend the contract with Employee Benefits Corporation to continue Flexible Spending Account and COBRA administration services from January 1, 2020 through December 31, 2022.

Cc: County Executive Chris Abele
Raisa Koltun, Chief of Staff, County Executive's Office
Margaret Daun, Corporation Counsel
Supervisor James "Luigi" Schmitt, Chair, Finance & Audit Committee
Supervisor Eddie Cullen, Chair, Personnel Committee
Teig Whaley-Smith, Director of Administrative Services
Scott Manske, Comptroller
Stephen Cady, Comptroller's Office
Julie Landry, Chief Human Resources Officer
Chris Luttrell, Director, Risk Management

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(ITEM) From the Director of Benefits Administration, Department of Human Resources, requesting authorization to execute a three-year contract with Employee Benefits Corporation (EBC) for Flexible Spending Account and COBRA administration services. This contract would be effective through 12/31/2022:

A RESOLUTION

WHEREAS, Milwaukee County contracted with Employee Benefits Corporation for Flexible Spending Account and COBRA administration services, and

WHEREAS, Milwaukee County desires to provide employees with Flexible Spending Account options that optimizes current electronic access ability including mobile utilization; and

WHEREAS, Employee Benefits Corporation has extensive experience with COBRA administration; and

WHEREAS, Employee Benefits Corporation's current partnership with Milwaukee County uniquely positions them to provide Flexible Spending Account and COBRA administrative services without disruption to Milwaukee County's operations; now, therefore

BE IT RESOLVED, that the Director of Benefits Administration, Department of Human Resources, is hereby authorized to execute a three-year contract extension with Employee Benefits Corporation (EBC) for Flexible Spending Account and COBRA administration services. This contract would be effective through December 31, 2022:

MILWAUKEE COUNTY FISCAL NOTE FORM

DATE: November 11, 2019

Original Fiscal Note

Substitute Fiscal Note

SUBJECT: Request for authorization to extend the Health and Dependent Care Flexible Spending Accounts (FSA's) and COBRA Administration contracts with Employee Benefits Corporation (EBC) through the 2022 plan year

FISCAL EFFECT:

- | | |
|--|--|
| <input checked="" type="checkbox"/> No Direct County Fiscal Impact | <input type="checkbox"/> Increase Capital Expenditures |
| <input checked="" type="checkbox"/> Existing Staff Time Required | <input type="checkbox"/> Decrease Capital Expenditures |
| <input type="checkbox"/> Increase Operating Expenditures
(If checked, check one of two boxes below) | <input type="checkbox"/> Increase Capital Revenues |
| <input type="checkbox"/> Absorbed Within Agency's Budget | <input type="checkbox"/> Decrease Capital Revenues |
| <input type="checkbox"/> Not Absorbed Within Agency's Budget | |
| <input type="checkbox"/> Decrease Operating Expenditures | <input type="checkbox"/> Use of contingent funds |
| <input type="checkbox"/> Increase Operating Revenues | |
| <input type="checkbox"/> Decrease Operating Revenues | |

Indicate below the dollar change from budget for any submission that is projected to result in increased/decreased expenditures or revenues in the current year.

	Expenditure or Revenue Category	Current Year	Subsequent Year
Operating Budget	Expenditure	0	0
	Revenue		
	Net Cost		
Capital Improvement Budget	Expenditure		
	Revenue		
	Net Cost		

DESCRIPTION OF FISCAL EFFECT

In the space below, you must provide the following information. Attach additional pages if necessary.

- A. Briefly describe the nature of the action that is being requested or proposed, and the new or changed conditions that would occur if the request or proposal were adopted.
- B. State the direct costs, savings or anticipated revenues associated with the requested or proposed action in the current budget year and how those were calculated.¹ If annualized or subsequent year fiscal impacts are substantially different from current year impacts, then those shall be stated as well. In addition, cite any one-time costs associated with the action, the source of any new or additional revenues (e.g. State, Federal, user fee or private donation), the use of contingent funds, and/or the use of budgeted appropriations due to surpluses or change in purpose required to fund the requested action.
- C. Discuss the budgetary impacts associated with the proposed action in the current year. A statement that sufficient funds are budgeted should be justified with information regarding the amount of budgeted appropriations in the relevant account and whether that amount is sufficient to offset the cost of the requested action. If relevant, discussion of budgetary impacts in subsequent years also shall be discussed. Subsequent year fiscal impacts shall be noted for the entire period in which the requested or proposed action would be implemented when it is reasonable to do so (i.e. a five-year lease agreement shall specify the costs/savings for each of the five years in question). Otherwise, impacts associated with the existing and subsequent budget years should be cited.
- D. Describe any assumptions/interpretations that were utilized to provide the information on this form.

A.) This item authorizes the Benefits Division to extend the current contract with Employee Benefits Corporation (EBC) to provide Health and Dependent Care Flexible Spending Accounts and COBRA administration through the 2022 plan year.

B.) There is no impact to the current year, other than the time of existing staff. The contract extension modifies existing financial terms, leaving all other terms unchanged, and extends the agreements through December 31, 2022. The proposal includes a market check provision for 2020. Regardless of the difference in terms, the financial impact of the change will be negligible.

C.) There is no impact to the current year. All costs in subsequent years will be reflected in the org.1950 (non-departmental fringe benefits) budgets.

D.) The cost projections for 2019 through 2022 are derived by applying the County's approximate current employee counts and COBRA participation rates to the proposed contract terms. Changes in the employee population or in COBRA enrollment will have a corresponding positive or negative impact on the projections.

Department/Prepared By Tony L. Maze, Director of Benefits Administration, Department of Human Resources

Authorized Signature



Did DAS-Fiscal Staff Review? Yes No

Did CBDP Review?² Yes No Not Required

¹ If it is assumed that there is no fiscal impact associated with the requested action, then an explanatory statement that justifies that conclusion shall be provided. If precise impacts cannot be calculated, then an estimate or range should be provided.

² Community Business Development Partners' review is required on all professional service and public work construction contracts.