



Department of Human Resources
Division of Employee Benefits

INTER-OFFICE COMMUNICATION

Date: 9/22/2014
To: Chairwoman Marina Dimitrijevic, Milwaukee County Board of Supervisors
FROM: Matthew Hanchek, Director of Benefits – Department of Human Resources *MH*
SUBJECT: **A report from the Director of Benefits, Department of Human Resources requesting authorization to contract with Employee Benefits Corporation for Flexible Spending Account services for 2015 through 2017.**

Issue / background

Milwaukee County currently provides FSA administrative services through Ceridian as a part of the overall benefits systems contract. Ceridian notified Milwaukee County that they are exiting the FSA administration business entirely and will no longer be able to support the County's plans effective 1/1/2015. The Benefits Division negotiated a reduction in Ceridian's fees equal to the cost of the fees charged, effectively holding the County financially harmless for the transition to a new administrator.

The Benefits Division conducted an RFP facilitated by Willis of Wisconsin to identify a new 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 FSA plan. They are an employee-owned company based out of Madison, WI, whose core business is FSA plan administration. They are highly stable, have a proven track record of customer service, and can offer the same convenience-based services (e.g. debit card). Further, EBC would improve on our current FSA product by including mobile phone apps and enhanced web-based services to ease the claims submission and reimbursement process. EBC has also agreed to facilitate the run-in of 2014 claims.

Financial information / DBE participation

EBC will charge Milwaukee County administrative fees of \$3.10 per enrolled participant per month (approximately \$82,000 per year). Ceridian will reduce their fees by this amount for the remainder of the current Ceridian contract, effectively offsetting the cost of separately purchasing these services. Ceridian also agrees to waive any of the typical fees that would be associated with transmitting data to a new benefit plan administrator.

EBC has committed to complying with the County's DBE goals, and are currently working with Milwaukee County and the Community Business Development Partners to identify opportunities

for DBE inclusion. Applying the standard participation goal, EBC's goal from this contract is approximately \$14,000 per year.

Requested Action:

Approval of this item will authorize the Benefits Division to execute a 3-year contract with EBC for FSA plan administration from 1/1/15 through 12/31/17. Concurrently, the Benefits Division would work with corporation Counsel to accurately memorialize the change in terms with the current Ceridian agreement intended to offset the costs for the remainder of the Ceridian contract.

CC: County Executive Chris Abele
Raisa Koltun, Chief of Staff
Kerry Mitchell, Chief Human Resources Officer
Paul Bargren, Corporation Counsel
Supervisor David Cullen, Co-Chairman, Personnel, Finance & Audit Committee
Supervisor Willie Johnson, Co-Chairman, Personnel, Finance & Audit Committee
Kelly Bablitch, Milwaukee County Board of Supervisors Chief of Staff
Don Tyler, Director of Administrative Services
Josh Fudge, Director, Office of Performance, Strategy, and Budget
Stephen Cady, Comptroller's Office
Rick Norris, Director, Office of the Community Business Development Partners
Amy Pechacek, Director, Risk Management