



Human Resources

Requests for Proposals for the Flexible Spending Accounts Program/COBRA and Voluntary Dental Insurance Plans

Presented to:

**Budget & Fiscal Affairs
Committee**

Tuesday, January 5, 2021 @
10:00 am

Presented by:

Jane E. Cheeks
Human Resources Director

Jocelyn Wright
Deputy Assistant Director



FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

Purpose

The contract for the Flexible Spending Accounts (FSA) Program will expire April 30, 2021. Requests for Proposals were issued to ensure that the City could continue to offer this benefits.



FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

Overview

- The City offers two voluntary pre-tax flexible spending accounts:
 - Health Care Flexible Spending Account for health-related expenses; and
 - Dependent Care Reimbursement Plan for dependent care expenses
- All full-time employees who are scheduled to work at least 30 hours per week and elected officials are eligible to participate

FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

Procurement Process

- The RFP was released on October 16, 2020
- Nine (9) vendors proposed to provide flexible spending accounts program management for claims processing and administrative services for Health Care and Dependent Care Reimbursement Pre-tax Programs.
- The nine (9) vendors who responded are:
 - Discovery Benefits
 - AmeriFlex, LLC
 - PayFlex Systems USA, Inc.
 - Flores,
 - WageWorks
 - TASC
 - UHC
 - Surency
 - W. J. Alexander & Associates

FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

Procurement Process Cont'd

Criteria for evaluation of proposals:

- The ability of the vendor to perform the Scope of Services requested in the RFP
- Financial competitiveness and guarantees against rate escalation over a multi-year contract
- The vendor's agreement with Performance Guarantees and compliance with City of Houston contracting requirements

FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

Procurement Process cont'd

Criteria for evaluation of proposals cont'd:

- The ability of the vendor to provide the best value for the dollars that the City of Houston will expend
- References
- The Evaluation Committee (EC), with oversight from the Strategic Purchasing Department evaluated and rated each RFP
 - The EC consisted of five (5) members from Human Resources, HITS and OBO

FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

FSA Program in Review

- Health Care Flexible Spending Account
 - Pre-tax IRS Code Section 125 benefit
 - Lowers taxable income
 - Pre-taxed income is used to pay eligible expenses at point of service
 - Current enrollment is 3,751
- Dependent Care Flexible Spending Account
 - Pre-tax IRS Code Section 125 benefit
 - Lowers taxable income
 - Pre-taxed income is used to reimburse employees for eligible dependent care expenses
 - Current enrollment is 77

FLEXIBLE SPENDING ACCOUNTS (FSA) PROGRAM

Recommendation

Approve an administrator for the Flexible Spending Accounts Program

- Health Care Flexible Spending Account
- Dependent Care Flexible Spending Account



**Questions
And
Discussion**

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Purpose

The contract for Consolidated Omnibus Budget Reconciliation Act (COBRA) will expire April 30, 2021. Requests for Proposals were issued to ensure that the City could continue to offer this benefits.



CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Overview

- COBRA—Consolidated Omnibus Budget Reconciliation Act; enacted by US Congress in 1986
- Provides temporary continuation of health insurance at group rates
- It is a federal mandate for employers with 20 or more employees to provide COBRA services to beneficiaries
- Qualified beneficiaries are certain former employees, spouses, former spouses, and dependent children

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

When Is COBRA Information Provided?

- Upon employment
- Upon voluntary and involuntary termination
- Divorce
- Death of terminated employee who has COBRA
- Notice of plan changes, etc.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Duration of COBRA

Beneficiaries	Duration
Terminated employees	18 months
Disability within 60 days of COBRA continuation	29 months
COBRA continuation Survivors	36 months
Spouses who lose coverage due to divorce	36 months

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Participant's Monthly Medical COBRA Rates (2019-2020)

Tier	Consumer Driven Health Plan (CDHP)*	Limited Network Plan*	Open Access Plan*
Participant only	\$450.89	\$575.26	\$838.53
Participant & Spouse	\$1,016.04	\$1,317.48	\$1,940.38
Participant & Child(ren)	\$846.32	\$1,089.11	\$1,601.35
Participant & Family	\$1,525.17	\$2,002.64	\$2,957.46

*Participants pay the total cost (City and employee contribution) of the benefit plus a 2% administrative fee.

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Procurement Process

- The RFP was released on October 16, 2020
- Ten (10) vendors have responded to the RFP
- The ten (10) vendors who responded are:
 - Discovery Benefits
 - AmeriFlex, LLC
 - PayFlex Systems USA, Inc.
 - Flores,
 - WageWorks
 - iTEDIUM, Inc.
 - TASC
 - UHC
 - Surency
 - W. J. Alexander & Associates

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Procurement Process Cont'd

Criteria for evaluation of proposals:

- The ability of the vendor to perform the Scope of Services requested in the RFP
- Financial competitiveness and guarantees against rate escalation over a multi-year contract
- The vendor's agreement with Performance Guarantees and compliance with City of Houston contracting requirements

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Procurement Process cont'd

Criteria for evaluation of proposals cont'd:

- The ability of the vendor to provide the best value for the dollars that the City of Houston will expend
- References
- The Evaluation Committee (EC), with oversight from the Strategic Purchasing Department evaluated and rated each RFP
 - The EC consisted of five (5) members from Human Resources, HITS and OBO

CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA)

Recommendation

Approve an administrator for COBRA.



**Questions
And
Discussion**

VOLUNTARY DENTAL INSURANCE PLANS

Purpose

The contract for the Voluntary Dental Insurance Plans will expire April 30, 2021. A Request for Proposals was issued to ensure that the City could continue to offer these benefits.



VOLUNTARY DENTAL INSURANCE PLANS

Overview

- All employees and retirees who were enrolled in a dental plan prior to their retirement may participate in the plans
- Only participants' contributions fund the plans
- Two (2) plans are offered: Dental Health Maintenance Organization (DHMO) and Dental Preferred Provider Organization (DPPO)

VOLUNTARY DENTAL INSURANCE PLANS

Procurement Process

- The RFP was released on November 13, 2020
- Seven (7) vendors responded to the RFP to provide dental benefits, claims processing, and other related administrative services for DHMO and DPPO Insurance Plans
- The seven (7) vendors who responded are:
 - Aetna
 - UHC
 - AFLAC
 - MetLife
 - United Concordia
 - Cigna
 - Delta Dental of California

VOLUNTARY DENTAL INSURANCE PLANS

Procurement Process Cont'd

Criteria for evaluation of proposals:

- The ability of the vendor to perform the Scope of Services requested in the RFP
- Financial competitiveness and guarantees against rate escalation over a multi-year contract
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VOLUNTARY DENTAL INSURANCE PLANS

Procurement Process cont'd

Criteria for evaluation of proposals cont'd:

- The ability of the vendor to provide the best value for the dollars that the City of Houston will expend
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VOLUNTARY DENTAL INSURANCE PLANS

Dental Plans in Review

- Dental Health Maintenance Organization (DHMO)
 - Provides coverage for 14,441 employees and retirees
 - Plan provides a fee schedule for all covered services provided by network dentist
- Dental Preferred Provider Organization (DPPO)
 - Provides coverage for 9,958 employees and retirees
 - Plan provides copayment structure for all covered services provided by in-network and out-of-network dentists

VOLUNTARY DENTAL INSURANCE PLANS

Recommendation

Approve vendor to offer two (2) Voluntary Dental Insurance Plans:

- Dental Health Maintenance Organization (DHMO)
- Dental Preferred Provider Organization (DPPO)



**Questions
And
Discussion**



Thank You

