



Legislation Text

File #: 48826, **Version:** 2

Fiscal Note

The proposed resolution authorizes entry into a contract with ConnectYourCare, LLC to administer the City's Flexible Spending Arrangements for Medical and Dependent Care for a term covering the 2018 and 2019 plan years, with optional renewals for the 2020, 2021, and 2022 plan years, at a price not to exceed \$75,000. The contract with the existing vendor will expire at the end of March, 2018. The current employee participation rate in the program is approximately 50 percent with an annual cost of approximately \$50,000. Program participation is projected to grow in the coming years, which may increase program costs. No city appropriation is required for the 2017 Adopting Operating Budget.

Title

Authorizing the Mayor and City Clerk to contract with ConnectYourCare LLC to administer the City of Madison's Flexible Spending Arrangements for Medical and Dependent Care.

Body

WHEREAS, the City has contracted for a number of years with an outside administrator to administer the Flexible Spending Account program for City employees; and

WHEREAS, these services were last put out for competitive selection in 2014. The contract with the existing vendor will expire at the end of March, 2018 and a new contract is necessary to continue to offer Flexible Spending Arrangements to City employees for 2018; and

WHEREAS, according to the City's purchasing policies and best practices for competitive selection of services, formal proposals for a new vendor were solicited in RFP # 8610-0-2016-BP and five companies bid on this RFP; and

WHEREAS, the competitive selection process included rating the proposals on a number of technical questions and factors, three finalists were interviewed, and as a result of this process, ConnectYourCare LLC ("CYC") was selected as the contractor to administer the City's Flexible Spending Arrangements (Medical and Dependent Care reimbursement program) beginning in 2018; and

WHEREAS, based on this selection process, CYC was deemed to best fit the needs of the City and its employees and Human Resources recommends to purchase these services from CYC for the 2018 and 2019 benefit plan years; with annual optional renewals for an additional three (3) years unless the City chooses to terminate the contract; and

WHEREAS, the services include, among other things, processing and payment of claims for reimbursement of eligible medical and dependent care expenses, supplying payment cards, employee outreach and education, and 24/7/365 customer support in both English and Spanish via a toll-free telephone number; and

WHEREAS, the cost to the City, predicting a 50% employee participation rate, is approximately \$50,000 per year and this could increase if more employees choose to participate. MGO 4.26(4)(b) requires Council approval for a service contract of more than one year if the annual cost will exceed \$50,000. MGO 4.26 also requires Council approval for service contracts of more than 3 years and this contract is recommended for a total of five years (with renewals);

WHEREAS, HR recommends budgeting up to \$75,000 per year in case employee participation numbers increase

NOW, THEREFORE, BE IT RESOLVED, the Mayor and City Clerk are authorized to sign a contract with ConnectYourCare LLC for third-party administration of the Flexible Spending Arrangements for Medical and Dependent Care, for a term covering the 2018 and 2019 plan years, with optional renewals for the 2020, 2021, and 2022 plan years, at a price not to exceed \$75,000 per year.