

INDIAN RIVER COUNTY  
MEMORANDUM

TO: Jason Brown  
County Administrator

FROM: Suzanne Boyll *SB*  
Human Resources Director

DATE: June 14, 2021

SUBJECT: Approval of Flexible Spending Account (FSA), COBRA, and Retiree Billing Providers effective October 1, 2021

**BACKGROUND:**

Indian River County evaluated the services provided by our current vendors for flexible spending accounts (FSA), COBRA continuation, and retiree billing services and determined that opportunities existed to make improvements in the administration of these services. It was a goal to consolidate COBRA and FSA services under one vendor. Our goal was also to improve the retiree billing experience for our retirees by selecting a vendor who could provide an improved customer service experience as well as provide accurate written communications.

Total Administrative Services Corporation (TASC) currently provides FSA and retiree billing services and Chard Snyder provides COBRA continuation services.

- The current per participant per month cost for FSA with TASC is \$3.64.
- The current per retiree per month cost for retiree billing with TASC is \$2.05.
- The current per benefit eligible employee & retiree per month cost for COBRA services with Chard Snyder is \$.40.

	Enrollment 3/15/21 <sup>1</sup>	Current Rates
Medical FSA	257	\$3.64
Dependent Care FSA Only	3	\$3.64
Additional Employees in Ext. Grace Period	# TBD	\$0
Retiree Billing	348	\$2.05
Benefit Eligible (with Retirees) enrolled for COBRA	1,801	N/A
Employees enrolled in COBRA Eligible plan (w/o Retirees)	1,376	N/A
COBRA Administration	15	\$.40 + \$15 per OE packet

Our broker/consultant, Lockton Companies marketed these services. The initial marketing analysis is attached. Seven (7) vendors met the marketing criteria as noted below:

- ❖ Ameriflex

- ❖ Chard Snyder (Incumbent COBRA provider)
- ❖ Clarity Benefit Solutions
- ❖ Discovery/WEX Benefits
- ❖ Employee Benefits Corporation
- ❖ P & A Group
- ❖ TASC (Incumbent FSA and retiree billing provider)

After review of the initial responses, and with the assistance of Lockton Companies, staff participated in finalist presentations with four (4) vendors:

- ❖ Chard Snyder
- ❖ Clarity Benefit Solutions
- ❖ Discover/WEX Benefits
- ❖ P & A Group

Following these presentations, Chard Snyder was eliminated from consideration, since the other vendors demonstrated superior reporting, communication and online portal experience. Clarity Benefit Solutions was the only vendor who demonstrated the ability to handle the complexities associated with our retiree billing needs and also demonstrated improved reporting and online portal experience. Discover/WEX Benefits and P & A Group were identified as the finalists for FSA and COBRA services and after evaluating feedback from Lockton references, P & A Group is the recommended vendor. Sample agreements for Clarity Benefit Solutions and P & A Group are attached.

- The per participant per month cost for FSA with P & A Group is \$3.00
- The per retiree per month cost for retiree billing with Clarity is \$2.50.
- The per benefit eligible employee per month cost for COBRA services with P & A Group is \$.50 (excludes retirees enrolled in the health plan resulting in an overall savings)

**FINANCIAL ANALYSIS:**

Under staff’s recommendation, the overall cost of both FSA and COBRA administration would decrease, and the retiree billing cost would increase. However, there would be a total reduction in expenses of approximately \$500 based on current enrollment. Although, there is an increased cost for retiree billing, staff believes that it is necessary to change retiree billing vendors due to ongoing communication errors that have been experienced with TASC over the past two years.

<b>Estimated Cost Breakdown based on enrollment counts</b>	<b>Chard-Snyder/TASC</b>	<b>P&amp;A Group/Clarity</b>
<b>Estimated FSA/DCA Annual Fees</b>	<b>\$11,357</b>	<b>\$9,360</b>
<b>Estimated COBRA Annual Fee</b>	<b>\$8,645</b>	<b>\$8,256</b>
<b>Estimated Retiree Annual Fee</b>	<b>\$8,561</b>	<b>\$10,440</b>
<b>Estimated Total First Year Cost</b>	<b>\$28,563</b>	<b>\$28,056</b>
<b>Rate Guarantee</b>		<b>3 Years - COBRA &amp; Retiree Billing; 5 Years FSA Admin.</b>

Sufficient funds have been requested to be budgeted for FY21/22 in 50412719-033191 for FSA and Retiree Billing Services in the amount of \$20,200 and budgeted in 50412719-034585 for COBRA administration in the amount of \$5,500.

**RECOMMENDATION:**

Staff respectfully recommends the Board approve the selection of Clarity Benefit Solutions for retiree billing services at a rate of \$2.50 per retiree per month with a three (3) year rate guarantee; approve the selection of P & A Group for FSA services at a rate of \$3.00 per participant per month with a five (5) year rate guarantee; approve the selection of P & A Group for COBRA services at a rate of \$.50 per benefit eligible employee per month with a three (3) year rate guarantee; and authorize the Chairman of the Board to execute the negotiated agreements with Clarity and P & A Group and any and all documents necessary to effectuate the agreements effective October 1, 2021.

**ATTACHMENTS:**

Lockton Marketing Analysis for FSA, COBRA and Retiree Billing  
Breakdown of Recommended Vendors  
Sample Agreement with Clarity Benefit Solutions for Retiree Billing  
Sample Agreement with P & A Group for FSA & COBRA services