



Legislation Text

File #: 21-466, Version: 1

CITY COUNCIL AGENDA ITEM

Memo Date: June 24, 2021
Agenda Date: July 13, 2021
Prepared By: Tammy B. Gemmati, Administrative Services Director
Through: Stockton Whitten, City Manager
Requested Action:

Approve a Multi-Year Agreement with P&A Administrative Services, Inc. (P&A Group) for Flexible Spending Account administration services effective October 1, 2021 to September 30, 2025. Authorize the City Manager to sign finalize and execute the associated agreement with City Attorney legal review.

BACKGROUND:

As part of the City's employee benefit plan, employees are able to contribute on a pre-tax basis to a Flexible Spending Account (FSA) for eligible medical and dependent care expenses. An FSA allows an employee to set aside a portion of earnings to pay for qualified expenses as established in the cafeteria plan, most commonly for medical expenses but often for dependent care. The City contracts with a third-party administrator to offer enrollees access to a payment (debit) card to access funds, an online portal for account management, mobile account access, and claim management for funds.

Since 2015, the City has used Total Administrative Services Corporation (TASC) as the third-party administrator. Due to a reduction in customer service and for due diligence, the City's benefit broker solicited quotes to compare pricing and services. It is recommended by City Staff to change to P&A Group. P&A Group also recently became the City's administrator for retiree and COBRA billing and it is ideal to use the same provider for FSA administration.

P&A group has provided a rate guarantee through September 30, 2025 of \$3.60 per month per enrollee. This is a \$.16 reduction per enrollee per month of the City's current pricing with TASC. The quotes obtained were evaluated and attached to the agenda item. The annual cost of this service varies based on enrollment. The current enrollment has 110 employees enrolled, making the annual cost \$4,752. This is a savings to the City. The City budgets slightly higher at \$5,500 to account for the fluctuation of the enrollment.

STRATEGIC PLAN CONNECTION:

N/A

BUDGETARY IMPACT:

Budgeted (Pending FY2022) Yes

Amount Requested	\$5,500
Account Number	001-1600-513.31-00
Account Name	Professional Services

The annual expenses for flexible spending vary based on enrollment and turnover. The budget amount is higher to account for the fluctuating enrollment count. With the multi-year agreement, the estimated budget will be included in future budget years of FY2023, FY2024, and FY2025 based on enrollment.

PREVIOUS ACTION:

In 2015, City Council approved the change to TASC as the third-party administrator for Flexible Spending Account administration services.

RECOMMENDED MOTION:

Approve a Multi-Year Agreement with P&A Administrative Services, Inc. (P&A Group) for Flexible Spending Account administration services effective October 1, 2021 to September 30, 2025. Authorize the City Manager to finalize and execute the associated agreement with City Attorney legal review.