



Request for City Council Committee Action from the Department of Human Resources

Date: July 29, 2008
To: Ways & Means/Budget Committee
Referral to: City Council

Subject: Flexible Spending Account and HRA/VEBA Claims Administration

Recommendation: Authorize the proper City officials to enter into a contract with Administration Resources Corporation (ARC) to provide claims processing and other administrative services for the City of Minneapolis Minneflex Plan flexible spending accounts and the City of Minneapolis Health Reimbursement Arrangement Plan. Such contract is to be effective January 1, 2009 for a period of three years with an option to renew for up to an additional two years.

Previous Directives: On April 18, 2008, the City Council authorized the proper City officials to (1) release a Request for Proposal for City of Minneapolis Minneflex Flexible Spending Account and HRA/VEBA Claims Administration and (2) enter into contract negotiations with the selected vendor.

Prepared by:	Joyce Traver	
Approved by:	_____	_____
	Pamela French Director, Human Resources	Steven Bosacker City Coordinator
Presenters in Committee:	Joyce Traver	

Reviews

Permanent Review Committee (PRC):	Approval <u>_N/A_</u>	Date _____
Civil Rights Approval	Approval <u>_N/A_</u>	Date _____
Policy Review Group (PRG):	Approval <u>_N/A_</u>	Date _____

Financial Impact

Action is within the Business Plan. The selection of ARC will result in a modest decrease in annual administrative fees (approximately \$8,000 for the City and approximately \$12,000 for the City and the affiliated boards and agencies).

Supporting Information

The Request for Proposal for City of Minneapolis Minneflex Flexible Spending Account and HRA/VEBA Claims Administration was released on May 6, 2008. Proposals were received from 12 vendors. The proposals were evaluated by the City of Minneapolis with assistance from Buck Consultants based on criteria established by the City and the Benefits Sub-Committee of the Citywide Labor Management Committee (the BLMC). It was determined that 6 of the 12 vendors were qualified to provide the services requested in the above-referenced request for proposal. Responses from the 6 remaining vendors were further analyzed by with input from the BLMC. The decision to select ARC was based on the following key factors:

- Experience administering large funded HRA plans.
- Experience implementing and administering participant-directed investment options.
- Competitive administrative fees including a three-year rate guarantee and a performance guarantee tied to timeliness, accuracy and participant satisfaction.
- Expressed commitment to implement improvements in administrative processes, provide additional communication and training support, and enhance website capabilities.