

The State of Delaware

Flexible Spending Account (FSA), Pre-Tax Commuter
(PTC) Benefits and COBRA Administration

Request for Proposal (RFP)
Contract Award Recommendation

June 10, 2019

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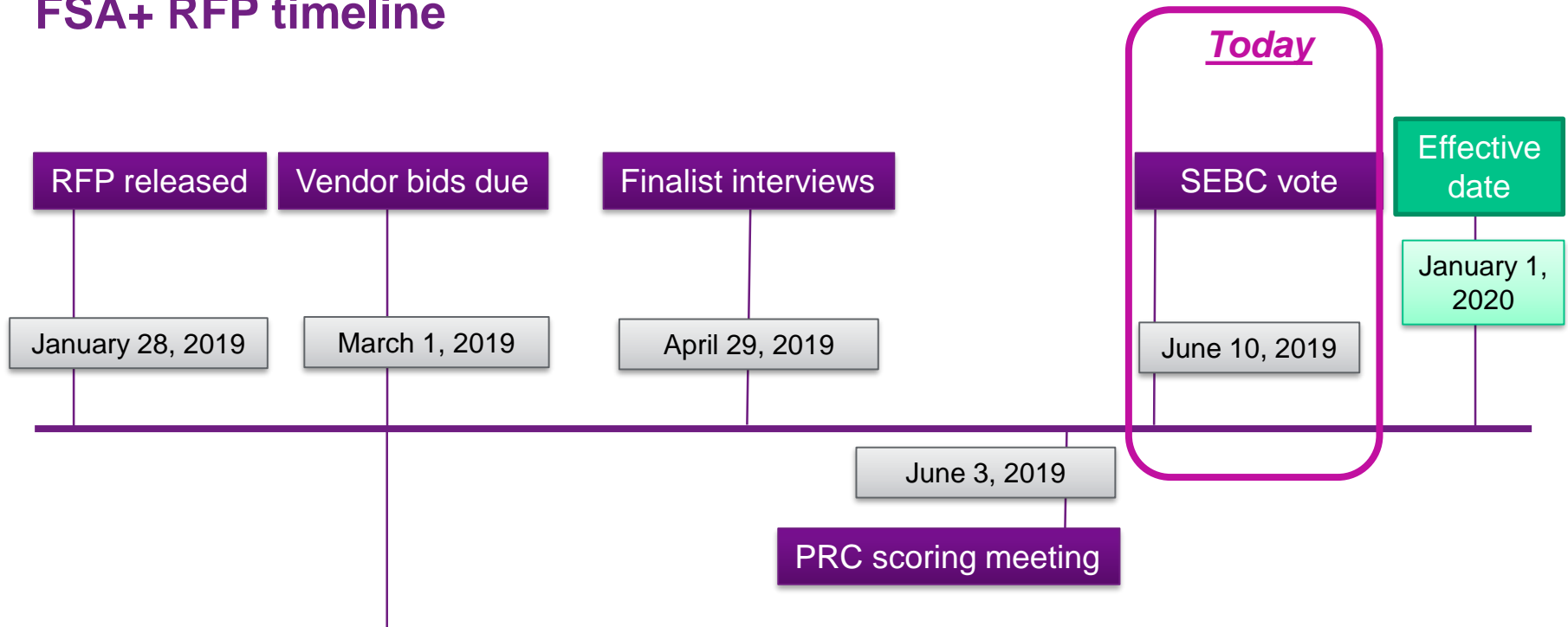
FSA+ RFP background

- The State of Delaware (“the State”) engaged Willis Towers Watson to assist with a request for proposal (RFP) to evaluate vendors for its flexible spending account (FSA), pre-tax commuter (PTC) benefit program and COBRA administration
 - ASIFlex is the incumbent FSA (health care and dependent) and pre-tax commuter benefits administrator
 - WageWorks is the incumbent COBRA administrator
- The State is required to bid its programs every 5 years and last marketed these programs in 2013 (COBRA) and 2014 (FSA/PTC)
 - Since that time, the vendor marketplace has evolved such that it is much more common for a single vendor to offer all three services, leading plan sponsors to consolidate services with a single vendor
- FSA, PTC benefits and COBRA administration were combined into one RFP for this procurement to achieve administrative efficiency through one vendor and one contract
- The design and administration of these benefits are largely dictated by regulatory and/or legislative requirements
 - IRS places limitations on pre-tax deductions for FSA and PTC benefits
 - Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) outlined continuation coverage requirements that are regulated by the Centers for Medicare & Medicaid Services (CMS) for state group health plans

FSA+ RFP background (cont.)

- SBO viewed this RFP process as a way to address several considerations and challenges currently associated with the administration of these programs, including:
 - Vendor capabilities to administer a six (6) month short FSA plan year from 1/1/2020 to 6/30/2020; afterwards, the FSA program would run on a fiscal year (e.g., 7/1/2020 – 6/30/2021)
 - The purpose of the short plan year is to align the FSA program with the State’s medical plan year, which coincides with the State’s fiscal year, effective 7/1/2020
 - Would also allow medical plan participants to more easily budget for health and dependent care expenses that can be reimbursed through health and dependent care FSAs during the plan year
 - Vendor capabilities to maintain secure and controlled access for Benefit Representatives (“Ben Reps”) to COBRA participant data for each Ben Rep’s employer group(s)
 - Vendor capabilities to support the State’s current process for manually administering COBRA, including reporting capabilities, as well as the ability to automate those processes in the future

FSA+ RFP timeline



- Bids received from:** *Denotes Vendor Finalist*
- ✓ ASIFlex
 - ✓ Baker Tilly Vantagen
 - ✓ BenefitStrategies
 - ✓ ConnectYourCare
 - ✓ Discovery Benefits
 - ✓ Optum
 - ✓ PayFlex
 - ✓ **Total Administrative Services Corporation (TASC)**
 - ✓ **WageWorks**

Summary of Proposal Review Committee (PRC) considerations

- PRC voted to award contract to ASIFlex, based upon:
 - Vendor's experience managing the FSA and PTC programs since 2012
 - Vendor's ability to provide excellent customer service and account management support for those programs
 - Vendor's fee quote provides savings relative to current administrative fees
 - Vendor received the highest score among the three finalists from the PRC
 - Limited implementation requirements affecting the smallest number of plan participants
 - Ability to provide the desired enhancements to the State's current COBRA administrative processes

PRC Recommendation

For SEBC vote

- RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal (RFP) for Flexible Spending Account (FSA), Pre-Tax Commuter (PTC) and COBRA administration services, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:
 - Contract award to ASIFlex for an initial three and one half years term effective January 1, 2020 through June 30, 2023, with two optional one-year periods.
 - Change the plan year of the FSA and PTC programs to align with the State's fiscal year; this will require ASIFlex to administer a "short" six (6) month plan year for the period beginning January 1, 2020 and ending June 30, 2020 prior to this change.