



State of Wisconsin
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: March 8, 2016
To: Employee Trust Funds Board
From: Jessica Rossner, Program Manager- Employee Reimbursement Accounts
Subject: Employee Reimbursement Accounts (ERA), Commuter Benefit, Limited Flexible Spending Account, Health Savings Account (HSA) Programs Information, Contract Extension, and Contract Amendment

Staff requests the Employee Trust Funds Board (Board) approve a one-year extension of the administrative services contract with Total Administrative Services Corporation (TASC), with the proposed fee increase, not to exceed 3%, for the Employee Reimbursement Accounts (ERA), Limited Purpose Flexible Spending Account (LPFSA), and Health Savings Account (HSA) programs for the 2017 plan year, January 1, 2017 through December 31, 2017. In addition, staff recommends the current contract with TASC be amended to include revised performance standards and guarantee enhancements that will be negotiated with TASC and attached to the contract.

Background

The contract for third-party administration of the ERA, Commuter Benefit, LPFSA, and HSA Programs is with TASC.

The original **ERA** and **Commuter Benefit Programs** contract term with TASC ran from October 1, 2014 through December 31, 2016, with an option to extend the contract three (3) additional one (1) year periods. The rates for the 2015 and 2016 plan year were approved at \$3.00 per-participant-per-month (PPPM) for the ERA Program and \$0.00 PPPM for the Commuter Benefits Program.

The original **HSA** and **LPFSA** Program contract term with TASC ran from September 1, 2014 through December 31, 2016, with an option to extend the contract three (3) additional one (1) year periods. The rates for the 2015 and 2016 plan year for the HSA and LPFSA were approved at \$3.00 PPPM.

Reviewed and approved by Lisa Ellinger, Director
Office of Strategic Health Policy

Electronically signed: 3/15/16

Board	Mtg Date	Item #
ETF	3.24.16	5B

Currently, TASC is eligible for a PPPM rate increase. PPPM rate increases can be provided annually by satisfying Performance Standards and Guarantees. For the remaining ERA Program contract term, the contract allows for a maximum fee increase up to three (3) percent to be determined by the Department.

Contract Renewal and Fee Adjustment

The contract with TASC allows for three (3) additional one (1) year renewal options. If the contract extension is approved, TASC has proposed a PPPM increase, which will be subject to negotiation. This will only increase the cost for the ERA, LPFSA, and HSA Programs from the current \$3.00 PPPM. The Commuter Benefits rates will remain \$0.00 PPPM.

Based on the ERA, LPFSA, and HSA Program participation of about 19,675 participants, a maximum increase of 3% would result in an approximate annual increase of \$21,249.00.

Enhanced Performance Standards and Guarantees

ETF intends to link the contract extension and rate increase to enhanced performance standards and guarantees that TASC must meet during the one-year extension period. Penalty language will be included in the contract for failure to meet one or more of the performance standards and guarantees. Among the topics being considered by ETF for enhanced performance standards and guarantees are:

- Customer Service
- Enrollment Communication and Materials
- Participant and Administrative Guides
- Training and Guidance to Benefit, Payroll, and ETF Staff
- Reporting Enhancements for Payroll Processing Centers and ETF

Conclusion:

Staff recommends approval of the contract extension and the proposal for enhanced performance standards and guarantees. While staff acknowledges there have been some customer service issues with the transition to TASC, TASC has been deeply engaged with ETF and the payroll processing centers to remedy these issues. The service issues have not been sufficient to warrant a re-bid at this time. Staff feels it is warranted to give TASC a one-year extension of the contract, continue to work with TASC to remedy these issues and to revisit these issues next year as part of the normal contract review.

Staff will be at the Board meeting to answer any questions.