

The background of the slide is a collage of two photographs. The top-left photo shows three firefighters in full gear, including helmets and oxygen tanks, smiling and looking towards the right. The top-right photo shows a close-up of a female police officer in uniform, smiling at the camera. The bottom-left photo shows a man with glasses and a woman looking at a document together, with the man pointing at it.

Request for Proposal

Section 125 Cafeteria Plan, Health Savings Account, Employee Reimbursement Account, and Fringe Benefit Account Programs

Item 6C – Group Insurance Board

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Request for Proposals

- ETF recommends the Board approve the development and release of a Request for Proposals (RFP) to select an administrator(s) for:
 - Section 125 Cafeteria Plan
 - Health Savings Account (HSA) program
 - Employee Reimbursement Account (ERA) programs
 - Fringe Benefit Account programs
- Effective for the 2020 plan year

RFP Goals

- Implement contracts that reflect industry best practices
- Deliver high quality, high value services
- Ensure advanced compliance and tax code guidance
- Champion member communication, engagement, and education

Background

- April 2014 ETF released an RFP for two contracts:
 - Employee Reimbursement Account and Commuter Benefit Programs
 - Health Savings Account and Limited Purpose Flexible Spending Account Programs
- Issued letter of intent to award both contracts to eflexgroup Inc. in June 2014
- eflexgroup Inc. merged with Total Administrative Services Corporation (TASC)
- TASC is the current third party administrator for both contracts

TASC Contract Terms

Contract Terms	ERA and Commuter Benefits	HSA and LPFSA
Original Contract Term	October 1, 2014 - December 31, 2016	September 1, 2014 - December 31, 2016
First Extension <i>(Approved March 24, 2016)</i>	January 1, 2017 – December 31, 2017	January 1, 2017 – December 31, 2017
Second Extension <i>(Approved March 23, 2017)</i>	January 1, 2018 – December 31, 2018	January 1, 2018 – December 31, 2018
Potential Third Extension	<i>January 1, 2019 – December 31, 2019</i>	<i>January 1, 2019 – December 31, 2019</i>

Board Oversight

- On Sept. 21, 2017, ETF Board approved oversight of HSA and ERA programs to the GIB
- Delegation was necessitated due to Wis. Stats. § 40.515 (2), which provides contractual authority for the HSA program to the GIB
- HSA and LPFSA programs are currently paired contractually
 - Not industry best practice
 - Different IRS regulations
 - Contract structure will change in future

RFP Components

1 Section 125 Cafeteria Plan

2 Health Savings Account

3 Employee Reimbursement Accounts

- Health Care FSA
- LPFSA
- Dependent Day Care FSA

4 Fringe Benefit

- Parking Account
- Transit Account

Section 125 Cafeteria Plan

- ETF has not previously sought a third-party administrator for the Section 125 Cafeteria Plan
- An employee benefits program designed to take advantage of Section 125 of the Internal Revenue Code
- Allows employees to pay certain qualified expenses on a pre-tax basis
 - Reduces total taxable income and increases spending/take-home income
 - Employers experience tax savings from reduced FICA

Section 125 Cafeteria Plan

- A qualified Cafeteria Plan third party administrator will:
 - Provide expert guidance regarding ETF's Section 125 Cafeteria Plan Document and Summary Plan Description (SPD)
 - Establish accurate and current plan documentation to avoid compliance issues and any possible adverse tax consequences
 - Conduct non-discrimination testing on a consistent annual basis
 - Provide guidance as IRS regulations changes

RFP Structure

- One RFP with four distinct components
- Vendors will be able to bid on one program, a combination of any programs, or all of the RFP components

Vendors

- One, any, or all – there's no way to predict a likely number of vendors until the bids come in
- There could be a single vendor or as many as four

Cafeteria Plan	Cafeteria Plan	Cafeteria Plan	Cafeteria Plan
HSA	HSA	HSA	HSA
ERA	ERA	ERA	ERA
Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits

RFP Considerations

Standard
Business
Practices

Project
Management

Compliance

Staff Support

RFP Considerations- Continued

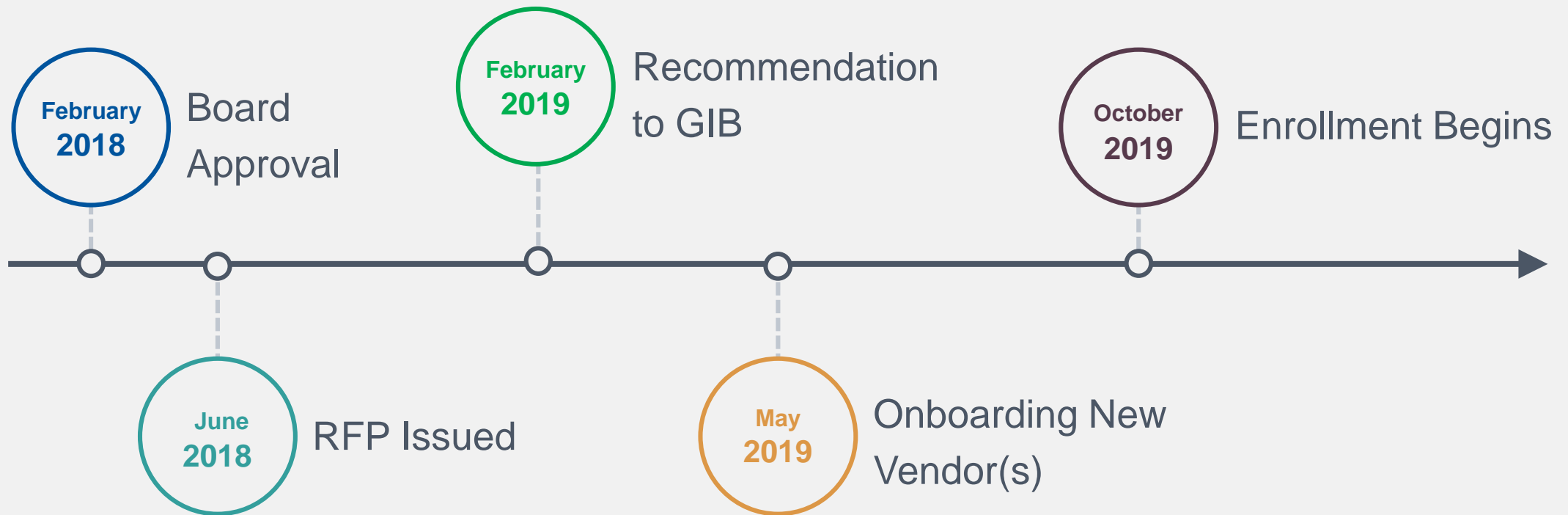
Debit Card
Functionality

Educational
Materials

Marketing
Materials

Performance
Standards and
Guarantees

Target Timeline



Summary

- ETF recommends the Board approve the development and release of an RFP to select an administrator(s) for these programs
- Procurement activity update at the May GIB meeting
- Anticipated RFP release in June 2018
- New contract effective January 1, 2020

The background is a dark blue gradient with numerous bokeh light effects in shades of blue and purple, scattered across the frame. The text 'Questions?' is centered in the lower half of the image.

Questions?

Thank you



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