



Human Resources Department

DATE: August 19, 2020

FROM: Robert McConnell, Human Resources Director

ITEM: Award Flexible Benefit & COBRA Administration Proposal

REQUEST

Approval of the Azurance Group Flexible Spending – COBRA Administration Proposal

Please place this item on the August 25, 2020 City Commission meeting.

BACKGROUND INFORMATION

The Human Resource Department is requesting award of Flexible Spending and COBRA Administration to the Azurance Group. This would allow the department to fully implement a complete electronic or on-line enrollment of all City of Bismarck benefits.

RECOMMENDED CITY COMMISSION ACTION

The Human Resource Department recommends approval of the Azurance Group's proposal for Flexible Spending and COBRA administration.

STAFF CONTACT INFORMATION

Robert McConnell | Human Resources Director, 355-1330 or
rmcconnell@bismarcknd.gov

Flexible Spending and COBRA Administration for 2021

Earlier this year the Human Resource Department issued a Request for Proposal to consider proposals for Flexible Spending and COBRA administration. It has been considerable time since we have looked at these benefit areas and felt that the City of Bismarck might be better served in this area.

We received proposals from 8 vendors and assembled an RFP committee to review and score the proposals. The RFP review committee included three members of the Human Resources staff and a representative of the Employee Relations Committee. The proposals were rated on the following factors; Responsiveness to the scope of work, Reliability and level of Customer Service, Assistance with Enrollment, Compatibility with our electronic enrollment feature, Billing and Claim process, Cost of the Services, and Offering of a Mobile Application. Online enrollment capability is of great benefit especially in the middle of Covid-19 and will complete our capability to offer all new hire and open enrollments electronically avoiding in person enrollments. The Azurance Group, was ranked number one by the review committee.

The Human Resource Department recommends approval of the proposal submitted by the Azurance Group for Flexible Spending and COBRA administration.

Robert McConnell
Director, Human Resources

City of Bismarck

DATE ISSUED: August 26, 2020

DISCOVERY BENEFITS ADMINISTRATIVE SERVICES PROPOSAL

FSA Fee Schedule

Administrative Fees – ppm	\$3.75
Minimum Monthly Fee (Applies only if the monthly administrative fee times the number of participants is less than this amount)	
If two or more Reimbursement Account products are bundled (with the exception of Commuter Benefits); Discovery will assess only one minimum monthly fee per employer group.	\$50.00
Eligible Employees	694
Number of FSA Participants	337
FSA Election per Participant (Industry Avg.)	\$1,500.00
FSA Elections for all Participants	\$505,500.00
FICA Tax Rate	7.65%
Estimated Annual FICA Savings	\$38,670.75
Estimated Annual Fees Paid to Discovery Benefits	\$15,165.00
Estimated Employer Savings	\$23,505.75

The proposed rate may reflect Discovery's multi-product discount; if only one product is placed with Discovery, the quoted rate may increase by 10%. Please contact your Sales & Marketing team with any questions.

Discovery does not charge implementation, set-up or renewal fees. Pricing is contingent upon partnership.

Monthly administrative fees are guaranteed until January 1, 2026.

Discovery reserves the right to increase fees at any time that are caused by Federal postal rate increases, increases in bank fees, or that are due to Federal legislative changes.

*FICA savings is based on estimated annual elections and participation. Actual savings may vary.

DISCOVERY BENEFITS ADMINISTRATIVE SERVICES PROPOSAL

COBRA Fee Schedule

Administrative Fees - per covered employee per month (Discovery will retain the 2% administrative fee paid by COBRA Continuant.) **\$0.65**

Minimum Monthly Fee (Applies only if the monthly administrative fee times the number of covered lives is less than this amount) **\$85.00**

Eligible Employees **694**

Number of Covered Employees* **630**

Estimated Annual Fees Paid to Discovery Benefits **\$4,914.00**

The following services are also included at no additional cost:

- 1) Access to Discovery Marketplace
- 2) Initial notice
- 3) COBRA notice and election
- 4) Premium billing and remittance
- 5) Termination tracking and notification
- 6) Standard postage and printing
- 7) Open enrollment form
- 8) Plan change notice

Discovery does not charge implementation, set-up or renewal fees. Pricing is contingent upon partnership.

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*A covered employee is defined as any employee participating in a COBRA-eligible plan (medical, dental, vision, etc.).

DISCOVERY BENEFITS ADMINISTRATIVE SERVICES PROPOSAL

ADMINISTRATIVE SERVICES APPLICATION

City of Bismarck ("Employer") hereby requests the administrative services indicated below from **Discovery Benefits, LLC** ("DBI"). If not signed below prior to the Effective Date, Employer's consent to the terms and conditions set forth in the attached agreements will be presumed and deemed to have been obtained upon submission of Employer data through the DBI portal, the DBI design guide or any other DBI authorized format.

- {AB} Arrears Bill
- X COBRA
- {SPM} Direct Bill
- {EA} Education Assistance Program
- {HSA} Health Savings Account
- {PC} Premium Conversion Plan
- X Reimbursement Account
- {ND} Non-Discrimination Testing Subscription

X HIPAA Business Associate (acknowledged by the Employer as the sponsor on behalf of and as a representative of the group health plan or plans)

SIGNATURE

The services shall be subject to the corresponding terms and conditions set forth in the attached agreements, accepted and entered into as of 01/01/2021 ("Effective Date").

Employer Authorized Signature

Name