

December 11, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing the execution of an agreement between the City of Bellevue and Navia Benefit Solutions, Inc. for a term of five years in an amount not to exceed \$145,000 plus all applicable taxes for the provision of flexible spending account, Section 125 plan and COBRA administration services.

FISCAL IMPACT

This action obligates the City to approximately \$28,000 each in 2018 and 2019, \$29,000 in 2020, and \$30,000 each in 2021 and 2022 for a total of \$145,000 over a five-year period (2018-2022) for flexible spending account, Section 125 plan and COBRA administration. Vendor administration fees are based on participation; the actual fee may fluctuate slightly as enrollment changes. Sufficient funds exist in the 2018 Health Benefits Fund Operating Budget to cover this cost. Funding for the 2019-2022 expenses will be requested as part of the 2019-2020, and 2021-2022 Budgets.

STAFF CONTACT

Michelle Robinson, Benefits Administrator, 452-4585
Human Resources Department

POLICY CONSIDERATION

The City purchasing policy for professional services agreements greater than \$50,000 requires that staff solicit proposals or review Statements of Qualifications from consultants from the City's Professional Services Roster. As the Roster did not specifically include this specialized type of professional services, staff instead sought analysis of competitive firms from the City's health and welfare consultant/broker and consultant, Gallagher Benefit Services.

Shall the City engage Navia Benefit Solutions for flexible spending account, Section 125 plan and COBRA administration services and enter into a five-year contract with Navia Benefit Solutions, Inc.?

BACKGROUND

A third-party administrator performs the legally required steps to administer flexible spending accounts (health care and day care), the Section 125 premium only plan, which allows employees to pay for their health care with pre-tax contributions, and COBRA administration, which is a federal law that gives employees and their families who lose their health benefits the right to continue group benefits for a limited period of time under certain circumstances; qualified individuals are required to pay the entire premium for coverage, plus a two percent administration fee. Historically, the City has retained an external vendor to administer flexible spending services and COBRA administration.

For 2018, the City conducted a competitive bidding process with the assistance of the City's benefit broker, Gallagher Benefit Services. Proposals were received from the following flexible spending account, Section 125 plan and COBRA administrators: Navia Benefit Solutions, Inc., Allegiance, Discovery Benefits and Wage Works.

Navia Benefit Solutions, Inc. was selected based on the following qualifications:

- they provide competitive pricing,
- a local company with extended customer service hours and dedicated customer service account representatives for Human Resources staff,
- offering robust web based tools for employees and employers, and
- the ability to view the City's account set up online and run reports on demand.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution authorizing the execution of an agreement between the City of Bellevue and Navia Benefit Solutions, Inc. for a term of five years in an amount not to exceed \$145,000 plus all applicable taxes for the provision of flexible spending account, Section 125 plan and COBRA administration services.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9350 authorizing the execution of an agreement between the City of Bellevue and Navia Benefit Solutions, Inc. for a term of five years in an amount not to exceed \$145,000 plus all applicable taxes for the provision of flexible spending account, Section 125 plan and COBRA administration services.

ATTACHMENTS

Proposed Resolution No. 9350

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Navia Benefit Solutions, Inc. Administrative Services Agreement