



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 23-901

Board Meeting Date: 11/7/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Human Resources Director

Kim Pearson, Benefits Manager

Subject: Amendment No. 2 with Benefit Coordinators Corporation for Retiree Benefits, Flexible Spending Accounts, Health Savings Account, and COBRA Administration

RECOMMENDATION:

Adopt a resolution authorizing a second amendment to the Agreement with Benefit Coordinators Corporation to administer retiree benefits, flexible spending accounts, health savings accounts, and COBRA, extending the term of the agreement by two years to December 31, 2025, and increasing the amount by \$780,000 for a new not-to-exceed amount of \$1,780,000.

BACKGROUND:

Following a comprehensive Request for Proposals (RFP) process in 2015, the County selected and entered into an agreement with Benefit Coordinator's Corporation (BCC) to administer retiree benefits, flexible spending accounts, and COBRA for County employees, retirees, and their dependents.

In April 2020, the County conducted a Request for Information (RFI) for the services provided by BCC as well as health savings account administration. The County's Benefits Labor Committee reviewed seven vendor responses and unanimously identified BCC's proposal as the strongest proposal for all services.

On September 15, 2020, the Board approved Resolution No. 077709, waiving the RFP process and authorizing an Agreement with BCC for the provision of retiree benefits administration, flexible spending account administration, health savings account administration and COBRA administration, for the term of October 1, 2020 to December 31, 2023, and in the amount of \$975,000. The Agreement also included a one-time option, at the County's discretion, to extend the agreement for two years at an amount not-to-exceed \$300,000 per year.

On September 25, 2023, the Director of Human Resources exercised her authority under that

Resolution to execute an amendment to the Agreement to increase the amount of the Agreement by \$25,000 for a new not-to-exceed amount of \$1,000,000.

DISCUSSION:

BCC has provided excellent administrative service for retiree benefits, flexible spending accounts, health savings accounts, and COBRA services during the term of the Agreement. The Human Resources Department recommends that the County exercise its option to extend the Agreement with BCC for an additional two years, until December 31, 2025.

Under the Agreement, BCC’s administrative fees are largely based on the number of participating employees and retirees who use the different forms of retiree benefits, flexible spending accounts, health savings accounts, and COBRA services.

The County initially estimated that the provision of services under this Agreement would cost less than \$300,000 per year. However, actual utilization over the past three years showed that this was an under-estimation, and that the actual costs have increased to approximately \$360,000 in 2023. In addition, following the negotiated changes to the structure of retiree health agreements that have been implemented with several bargaining units, including changes to retiree health reimbursement accounts, more people are being added to the retiree health and health saving account systems administered by BCC.

The combination of the increased utilization and the increased enrollment has increased the estimated costs for BCC’s administration services for the next two years from \$300,000 per year to \$390,000 per year, or a total of \$780,000 for the two-year term.

This resolution contains the County’s standard provision allowing amendment of the County’s fiscal obligations by a maximum of \$25,000 (in aggregate).

County Attorney has reviewed and approved the Resolution and Amendment as to form.

PERFORMANCE MEASURE:

Measure	Target	Revenue at Risk
Carrier Data Build Accuracy	>99%	1%
Rate Set Data Build Accuracy	>99%	1%
Initial Billing Line of Coverage Accuracy	>99%	1%
System Uptime: Amount of time system will be available	>99%	1%
Phone/Email Tickets- 24-Hour Response	>99%	1%

FISCAL IMPACT:

The new total not-to-exceed amount of this Agreement, including \$780,000 for this Amendment, is \$1,780,000. There is no impact to Net County Cost as costs are fully covered by the Benefits Trust Fund.