



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 23-1012

Board Meeting Date: 12/12/2023

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Rocio Kiryczun, Human Resources Director
Kim Pearson, Benefits Manager

Subject: Agreement with Educators Benefit Consultants, LLC d/b/a Aviben for Retiree Health Reimbursement Account Administration Services

RECOMMENDATION:

Adopt a resolution:

- A) Accepting the unanimous recommendation of the Deferred Compensation Advisory Committee and Benefits Labor Committee to select Educators Benefit Consultants, LLC d/b/a Aviben as the service provider for the County's Retiree Health Reimbursement Account (RHRA) for employees; and
- B) Authorizing an agreement with Educators Benefit Consultants, LLC d/b/a Aviben for RHRA plan administration services for a three-year period; with an option to extend for 2 additional one-year terms.

BACKGROUND:

Since 2008, the County has maintained a Retiree Health Reimbursement Account (RHRA), an employer-funded plan that reimburses certain retirees for qualified medical expenses and insurance premiums. The County's RHRA is funded through a 115 trust fund, which in turn provides tax-free reimbursement dollars to retirees.

The County's current provider for its RHRA plan is Aviben, formerly known as Educators Benefit Consultants. The current agreement with Aviben resulted from an Administrative Service Agreement that was originally signed on July 1, 2008 with Educators Benefit Corporation. That original RHRA plan covered only a small number of management employees hired between July 1, 2008 through January 1, 2011 whose retiree health resolution included a small County contribution of \$50 per month into an HRA. More recently, the County negotiated with several unions to include an employer and employee funded RHRA plan as part of a new retiree health benefit.

Pursuant to its fiduciary duty on behalf of the County, the Deferred Compensation Advisory Committee (DCAC) and the Benefits Labor Committee initiated a Request for Proposal (RFP) in May 2023 to ensure that the County is receiving the best plan currently available in the marketplace.

DISCUSSION:

The DCAC and Benefits Labor Committee received proposals from three providers: Empower/Optum, TASC, and Aviben. The County’s investment consultant, Innovest, determined all three were reputable and had the capacity to successfully service plans the size of the County’s. The County evaluated all proposals on the following criteria: firm overview, participant services, administrative services, cybersecurity, investment services, transition services, service level agreements and pricing. While all proposals were competitive, the primary challenges were the providers’ abilities to keep fees low for participants and to continue to offer great customer support with minimal transition for retirees using the plan.

Aviben’s cost was the lowest of all respondents. As a result of the RFP, Aviben is reducing current expenses by eliminating the \$1 per month fee presently being charged to participants. In addition to offering this significant reduction in expenses, a new contract with Aviben will keep fees low for participants, who will pay 0.14 percent per quarter (14 basis points [bps]) on plan assets. This is comparable to the current rate. These fees are paid entirely by participants from RHRA accounts, with no direct cost to the County. (The only direct County costs will be if the County requests voluntary changes in the HRA Plan, which will carry a minimal \$200 surcharge per amendment and a \$500 yearly fee to conduct non-discriminatory testing on the plan, which is an IRS requirement.) Since the County will remain with Aviben as the HRA provider, there is no need to undergo a transition, which alleviates the administrative burden and turnover for the participants. As a result, DCAC and the Benefits Labor Committee unanimously recommend selecting Aviben to remain the County’s RHRA service provider.

The term of the Agreement is through December 2026, with two additional one-year extension options to be exercised at the County’s discretion.

The resolution authorizes the Director of Human Resources or designee to execute contract amendments that modify the County’s maximum fiscal obligation under the proposed agreement by no more than \$25,000 and/or modify the term and/or services as long as the modified term or services is/are within the current or revised fiscal provisions.

County Attorney’s Office has reviewed and approved the resolution as to form and will approve all other agreements before execution.

PERFORMANCE MEASURE:

Aviben has agreed to a number of performance metrics; if they do not meet each metric every quarter, they will forfeit 1 percent of their quarterly fees for each metric missed.

<u>Description</u>	<u>Metric</u>	<u>Percent of Quarterly Revenue at Risk</u>
Participant Statement Mail Date	Statements are mailed annually by the 15th of the month following year-end	1%
Participant Statement Online Posting Date	Statements are posted quarterly by the 15th of the month following quarter-end	1%

Number of Days After Quarter End for Plan Report	The plan report is available the first day after quarter-end. The employer can pull this report on demand through the employer investment portal. If the employer would like Aviben to provide this report, Aviben can do so by request at any time.	1%
Time to Return Plan Sponsor and Participant Phone Calls	Within 1 business day	1%
Annual Plan Sponsor Training	Aviben will provide plan sponsor training upon request	1%
Contribution Reconciliation	Within 3 business days of receipt	1%
Contribution Posting	Within 5 business days of receiving funds	1%
Claim Reimbursements Paid	45 days if more than \$50. 30 days if total is less than \$50.	1%
Processing of Fund Transfers	Daily	1%

FISCAL IMPACT:

HRA fee will be fully paid by participating employees. There will likely be no cost to the County. While the Agreement does contain the possibility for a minimal (\$200) fee if the County requests RHRA plan amendments or minimal (\$500) fee for non-discriminatory testing per IRS regulations, such changes and testing are not presently anticipated to be necessary and would not amount to a significant fiscal impact.