

Public Agenda Item #22

Review, Discussion and Consideration of Contract Award Recommendation for the TexFlexSM Flexible Spending Account Plan and Commuter Spending Account Plan and Health Savings Account Benefits Plan Contracts (Action)

March 10, 2021

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TexFlex FSA and CSA and/or HSA Administrative Services *Request for Proposals (RFP)*



ERS currently contracts with the following entities for the following services under the Texas Employees Group Benefits Program (GBP):

- WageWorks, Inc. to provide administrative services for the TexFlexSM Flexible Spending Account Program (TexFlex FSA) and Commuter Spending Account Plan (CSA); and
- OptumHealth Financial Services, Inc. to provide administrative services for the Health Savings Account (HSA).

TexFlex FSA and CSA and/or HSA Administrative Services

Status- HSA



- ERS continues the evaluation and negotiation process for HSA.

TexFlex FSA and CSA and/or HSA Administrative Services *Request for Proposals (RFP)*



On August 12, 2020, ERS issued a Request for Proposals (RFP) for these services:

- Administrative services for TexFlex FSA and CSA, which includes
 - Claims processing; card services; communication; account management; technology services; customer care; and plan reporting.

Minimum Requirements Phase- TexFlex FSA and CSA

- Minimum Requirements Questionnaires were due on September 1, 2020.
- ERS received Minimum Requirements Questionnaires from 10 entities proposing to offer TexFlex FSA and CSA.
- Five entities passed the Minimum Requirements Phase.

TexFlex FSA and CSA and/or HSA Administrative Services *Proposals Due- TexFlex FSA and CSA*



- Proposals were due on September 16, 2020.
- ERS received proposals from 9 of the 10 entities that submitted Minimum Requirements Questionnaires.
- ERS evaluated only those proposals that passed the Minimum Requirements Phase.

TexFlex FSA and CSA and/or HSA Administrative Services

Preliminary Review Phase – TexFlex FSA and CSA



The Preliminary Review Phase included an initial evaluation of:

- Responsiveness;
- Compliance with the RFP; and
- Certain vendor performance checks required by the Texas Comptroller of Public Accounts.

For Texflex FSA and CSA, 4 entities were passed through to the Proposal Review Phase:

- Alight Solutions LLC;
- OptumHealth Financial Services, Inc.;
- PayFlex Systems USA, Inc.; and
- WageWorks, a wholly-owned subsidiary of HealthEquity, Inc.

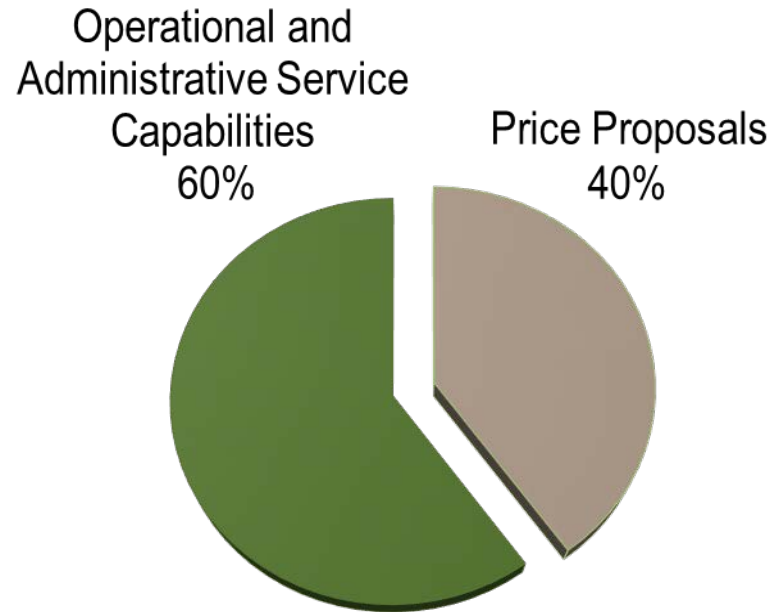
TexFlex FSA and CSA and/or HSA Administrative Services



Proposal Review Phase - TexFlex FSA and CSA

Two main categories scored:

- Operational and Administrative Service Capabilities: 60%
 - Eligibility and Plan Design Services
 - Communication Requirements
 - Information Systems Services
 - Operational Specifications
 - Funding, Payment and Accounting Services
- Price Proposal: 40%



Certain pass/fail items may be preliminarily reviewed or evaluated in full during the Proposal Review Phase. These items include:

- Contractibility (initially reviewed);
- Legal Requirements and Regulatory Compliance (initially reviewed);
- Financial Stability (evaluated); and
- SOC-2 Requirements (evaluated).

TexFlex FSA and CSA and/or HSA Administrative Services

Finalists Review Phase – TexFlex FSA and CSA



Based on the Pass/Fail items and the Operational and Administrative Service Capabilities and the Price Proposal scoring during the Proposal Review Phase for the TexFlex FSA and CSA Services, ERS selected the following entities as TexFlex FSA and CSA finalists:

- PayFlex Systems USA, Inc.; and
- WageWorks, a wholly-owned subsidiary of HealthEquity, Inc.

TexFlex FSA and CSA and/or HSA Administrative Services



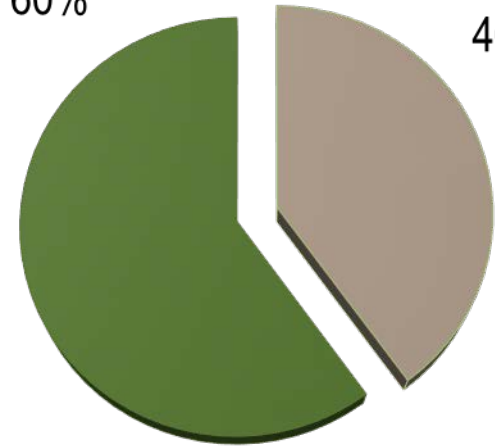
Finalists Review Phase - TexFlex FSA and CSA

Evaluated based on new and clarified information:

- Data Center and Security Operations Center Site Visits (Remote)
- Operational Site Visits (Remote)
- Best and Final Offers (Price)
- Past Performance
- Contractibility and Legal Requirements and Regulatory Compliance

Operational Capabilities
and Administrative
Services
60%

Price
Proposals
40%



- Operational and Administrative Service Capabilities
 - Claims submission and processing
 - Debit card services
 - Payment options
 - Participant engagement
 - Customer care (call center)
 - Education

TexFlex FSA and CSA and/or HSA Administrative Services

Finalists Review Phase - TexFlex FSA and CSA - Price Proposal



- Enrollment assumptions were developed to project the total cost of the proposed administrative fees over the six year contract period.

Projected Total Cost
FY22 – FY27

	Current*	WageWorks	PayFlex
Total Cost	\$6,571,000	\$5,791,000	\$5,480,000

*Current assumes the FY21 fees are in force for the six year contract term.

- The RFP evaluation team and OPCO representatives met with Executive Office and reviewed the RFP evaluation team findings.
- Best-value determinations were made.

TexFlex FSA and CSA and/or HSA Administrative Services

ERS Recommendation- TexFlex FSA and CSA



Based on the evaluation process discussed, ERS recommends the Board of Trustees of the Employees Retirement System of Texas award the contract to [_____] to provide administrative services for the TexFlexSM Flexible Spending Account Plan and Commuter Spending Account Plan.

Questions?
Action Item