

COUNCIL ACTION FORM

SUBJECT: FLEXIBLE SPENDING ADMINISTRATIVE AND CLAIMS PROCESSING SERVICES RENEWAL

BACKGROUND:

Flexible Spending Accounts provided to benefit-eligible City employees allow employees to set aside a portion of their earnings to pay for qualified medical and dependent care expenses. Money deducted from an employee's pay into a Flexible Spending Account is not subject to payroll taxes, resulting in payroll tax savings to both the employee and the City.

Over the past several years the City has contracted with Wellmark Blue Cross Blue Shield to administer the flexible reimbursement program. This includes automatic reimbursement of health and pharmacy claims processed through Wellmark, as well as direct deposit of reimbursements when elected.

Effective January 1, 2016, Wellmark will charge \$5.25 per contract per month in claims processing fees and \$400 in annual administration fees. The charge per contract per month is a 4.7% or \$.25 increase from 2015. The annual administration fee will remain at the same rate as 2015.

ALTERNATIVES:

1. Approve the renewal for administrative and claims processing services for the Flexible Spending Account benefit with Wellmark Blue Cross Blue Shield of Iowa for the period from January 1 to December 31, 2016.
2. Do not renew the agreement with Wellmark.

MANAGER'S RECOMMENDED ACTION:

City staff has been satisfied with the services rendered to date by Wellmark for the City's flexible spending program.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.

AMENDMENT TO THE MASTER SERVICES AGREEMENT (“AGREEMENT”)
Between City of Ames (“Client”) and Wellmark, Inc. (“Wellmark”)

THIS AMENDMENT is made and entered into pursuant to Section 5.18 of the Agreement. By executing this Amendment, the Client and Wellmark agree to the changes to the Agreement as set forth herein. Any capitalized terms not defined in this Amendment shall have the same meaning as provided in the Agreement.

The monthly service fee in Section 2, Fees, b. Monthly Service Fees, of Addendum B to the Agreement is hereby amended. The previous monthly service fee of \$5.00 is replaced by a new monthly service fee of \$5.25.

All other provisions of this Subsection 2b and all other provisions of this Addendum to the Agreement shall remain the same.

IN WITNESS WHEREOF, the undersigned Client and Wellmark hereby adopt and agree to the provisions of this Amendment to the Agreement.

Accepted and Agreed to:

For Client

For Wellmark, Inc.

By:

By:

Title:

Title: Vice President/Chief Procurement Officer

Date:

Date: