

COUNCIL ACTION FORM

SUBJECT: FLEXIBLE SPENDING ADMINISTRATIVE AND CLAIMS PROCESSING SERVICES RENEWAL

BACKGROUND:

A Flexible Spending Account, as provided to benefit-eligible City of Ames employees, allows an employee to set aside a portion of his or her 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 substantial payroll tax savings.

Over the past several years, Wellmark Blue Cross Blue Shield has been the provider for the flexible reimbursement options including automatic reimbursement of health and pharmacy claims processed through Wellmark and direct deposit of reimbursement when elected.

Effective January 1, 2017, Wellmark will charge \$5.25 per contract per month in claims processing fees and \$400 in annual administration fees. **These amounts reflect no change in the charge per contract per month or in the contract from 2016 for this service.**

ALTERNATIVES:

1. Accept the renewal document from Wellmark for administrative and claims processing services for our flexible spending account (FSA) benefit as signed in November of 2015 indicating current fees, with no changes for the period from January 1, 2017 to December 31, 2017.
2. Do not renew the agreement with Wellmark.

MANAGER'S RECOMMENDED ACTION:

Wellmark has done an acceptable job of administering these flexible spending accounts over the past several years, and the renewal proposal contains no increase in contract charges.

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