

# Agenda item 9

## **CITY OF SAN ANTONIO HUMAN RESOURCES DEPARTMENT CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

**FROM:** Sharon De La Garza, Director, Human Resources Department

**SUBJECT:** Flexible Spending Account (FSA) Plan Amendment; Provisions for Healthcare FSA Debit Card; and Amendment of Third Party Administrator Contract with Community First Health Plans, Inc.

**DATE:** November 17, 2005

### **SUMMARY AND RECOMMENDATIONS**

Consideration of the following matters in connection with revisions to the City's Healthcare Flexible Spending Account (FSA) Plan:

- A. An Ordinance approving and adopting amendments to the City's Healthcare FSA Plan to provide for the FY 2006 employer-funded contribution for each participating civilian employee and non-Medicare retiree enrolled in the CitiMed PPO and for utilization of Healthcare FSA debit cards by all Healthcare FSA participants in conjunction with exercise of benefits; authorizing and approving issuance of Healthcare FSA debit cards by DataPath Card Services, Inc., and establishment of a Debit Card Settlement Account with Benefit Bank, in connection with the debit card aspect of the Healthcare FSA Plan; authorizing execution of any and all documents and instruments required by DataPath Card Services, Inc. and Benefit Bank in order to establish such account and implement the use of such Healthcare FSA debit cards.
- B. An Ordinance authorizing an amendment to the contract with Community First Health Plans, Inc., to provide revised fees for administration of all Healthcare FSA reimbursement claims, with an estimated additional cost for FY 2006 of \$69,252.00.

Staff recommends approval of this ordinance.

### **BACKGROUND INFORMATION**

The FY05-06 Adopted Budget included an increase in the CitiMed PPO deductible for active non-uniformed employees and retirees without Medicare. Effective January 1, 2006 the deductible will increase from \$250 to \$500 per calendar year per individual. To assist with the transition to a higher deductible, a City funded credit of \$250 will be placed in a Flexible Spending Account for healthcare reimbursement for each employee and retiree participant who selects the CitiMed PPO plan for the 2006 plan year.

The City of San Antonio currently offers non-uniformed employees the option of enrolling in a Flexible Spending Account (FSA) authorized under the Internal Revenue Code. An FSA plan allows employees enrolled in either the CitiMed PPO or CitiMed HMO the opportunity to contribute on a pre-tax basis funds to be utilized for reimbursement of eligible healthcare expenses not covered by other health plans.

Community First, the current contracted third party administrator, along with their subcontractor, Alt Benefit Consultants, perform the necessary processing of Flexible Spending Account claims for reimbursement to the employees on a pre-tax basis. The implementation of a debit card feature will allow the participants in the healthcare reimbursement plan to have immediate access to their funds to pay for certain medical, dental and vision expenses not covered by their health plan including the deductibles and co-payments. As employees or retirees use the Healthcare Reimbursement Card, their FSA account balance will be reduced by the amount of the expense. This will reduce the necessity to file paper claims and replace reimbursement checks currently issued through the third party administrator. The TPA will also continue to process claims paid by the member and filed direct for reimbursement of healthcare or dependent care expenses. Each participant who elects to enroll in the CitiMed PPO plan will be provided with an FSA card along with HMO participants who choose to enroll in healthcare reimbursement with their own employee contributions. The FSA card will be issued by Benefit Bank through DataPath Card Services, Inc., a subsidiary of Alt Benefit Consultants.

### **POLICY ANALYSIS**

Execution of this contract amendment will allow the City to provide FSA debit card services for ease of accessibility to pre-tax deductions held in Healthcare Reimbursement accounts for active non-uniformed employees and retirees without Medicare who enroll in the CitiMed PPO plan for the 2006 plan year.

### **FISCAL IMPACT**

Funds are appropriated annually, by fiscal year, in the Employee Benefits Self-Insurance Fund. This ordinance will authorize the first nine (9) months of this contract in FY 2005-2006 at an estimated amount of \$69,252 and the remaining fifteen (15) months will be authorized in FY 2006-2007 and FY 2007-2008 subject to and contingent upon Council approval through annual budget appropriations.

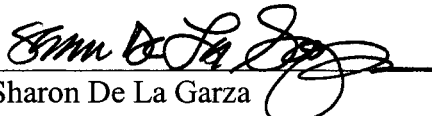
The additional administration cost for the debit card will be paid by the City from the anticipated savings to the Self-Insurance Fund from the deductible increase. The City will also realize payroll tax savings on the employer contributions of \$250 per participant and any additional employee contributions to healthcare reimbursement program.

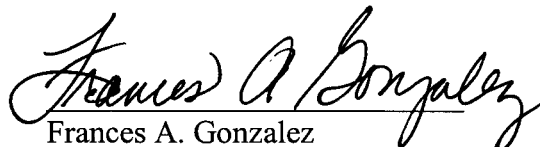
### **COORDINATION**


This item has been coordinated with the City Attorney's Office, Contract Services, Budget and Management Services and Finance.

**SUPPLEMENTARY COMMENTS**

The required Discretionary Contracts Disclosure Form is attached.

  
Sharon De La Garza  
Human Resources Director

  
Frances A. Gonzalez  
Assistant City Manager

  
for Sheryl Sculley  
City Manager

Attachments

**City of San Antonio**  
**Discretionary Contracts Disclosure**

*For use of this form, see Section 2-59 through 2-61 of the City Code (Ethics Code)  
Attach additional sheets if space provided is not sufficient.*

**(1) Identify any individual or business entity that is a party to the discretionary contract.**

Individual-None  
Business entity-Community First Health Plans

**(2) Identify any individual or business entity which is a partner, parent or subsidiary of a business entity or an individual or business entity identified above in Box (1).**

☐ No partner, parent or subsidiary; or

List partner, parent or subsidiary of each party to the contract and identify the corresponding party:

Bexar County Hospital District d/b/a University Health System

**(3) Identify any subcontractor or business entity that is a subcontractor or an agent of a party to the contract.**

☒ No subcontractor(s); or

List subcontractors:

**(4) Identify any lobbyist or public relations firm employed by any party to the contract or any person seeking to obtain a discretionary contract.**

☒ No lobbyist or public relations firm employed; or

List lobbyists or public relations firms:

<sup>1</sup> A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law. A sole proprietor should list the name of the individual and the d/b/a, if any.

**(5) Political Contributions**

List all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under Box (1), (2), (3) or (4) above, or by the officers, owners of any business entity listed in Box (1), (2) or (3):

☒ No contributions made; If contributions made, list below:

By Whom Made:	To Whom Made:	Amount:	Date of Contribution:

**(6) Disclosures in Proposals**

Any individual or business entity seeking a discretionary contract with the city must disclose any known facts which reasonably understood, raise a question<sup>2</sup> as to whether any city official or employee would violate Section 2-43 of the City Code (Ethics Code), ("conflicts of interest") by participating in official action relating to the discretionary contract.

☒ Party not aware of facts which would raise a "conflicts-of-interest" issue under Section 2-43 of the City Code; or

Party aware of the following facts:

This form is required to be supplemented in the event there is any change in the information before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed, whichever occurs first.

Signature:

Russell P. Gantos

Title:

VP Sales & Marketing  
Company or D/B/A:  
Community First Health  
Plans

Date:

11/16/05

<sup>2</sup> For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.