

## Management Committee

Meeting date: May 8, 2019

For the Metropolitan Council meeting of May 22, 2019

**Subject:** COBRA and Retiree Billing Administrative Services

**District(s), Member(s):** All

**Policy/Legal Reference:** Council Policy 3-3 Expenditures more than \$500,000

**Staff Prepared/Presented:** Marcy Cordes, Chief Labor Relations Officer, 651-602-1582 and Terri Bopp, Benefits Manager, 651-602-1370

**Division/Department:** Regional Administration, Human Resources

### Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to amend and extend the contract with 121 Benefits for COBRA and retiree billing administrative services for a two-year period through December 31, 2021. The original contract amount was \$375,000 and an additional amount of \$200,000 is needed for the two-year extension.

### Background

The Metropolitan Council outsources COBRA and retiree billing to a third-party administrator. Currently there are 22 active COBRA participants and 1925 retirees. 121 Benefits was selected as the third-party billing administrator through a competitive process in 2016 and a three-year contract was signed effective January 1, 2017 through December 31, 2019.

### Rationale

The current contract with 121 Benefits has a three-year rate guarantee through December 31, 2019. 121 Benefits has offered a two-year extension with a 5% rate increase. The proposed rate increase for the requested two-year extension has been determined to be fair and reasonable based on the following information: City of Duluth contract with 121 Benefits was extended for two years through 2021 with a 11% rate increase; University of MN contract renews April 2019 with a 5% rate increase.

### Thrive Lens Analysis

Authorization to amend and extend the contract with 121 Benefits for COBRA and retiree billing administration supports the Thrive outcome of Stewardship by providing billing administrative services at a fair and reasonable rate.

### Funding

Funding is available through the Operating Budget of each division.

### Known Support / Opposition

None