



CITY OF MARSHALL AGENDA ITEM REPORT

Meeting Date:	Tuesday, April 26, 2022
Category:	CONSENT AGENDA
Type:	ACTION
Subject:	Consider approval of MedSurety to administer health savings and medical spending accounts
Background Information:	<p>The City currently utilizes a vendor called Further to administer our employee health savings and medical spending accounts. These accounts include HSA, VEBA, Dependent Care (daycare), and medical Flexible Spending Accounts (FSA). In April of 2021, it was announced that Further would be acquired by Health Equity. On November 1, 2021, Health Equity formally acquired Further, and declined to sign the agreement on the VEBA product due to IRS funding restriction language. This means that effective September 30, 2022, our employee VEBA accounts will cease to be managed by Health Equity. Therefore, the City needs to contract with a new vendor to manage our health savings and medical spending accounts.</p> <p>Over the past several months, our Broker, Bill Chukuske (National Insurance Services), has been proactively looking for a solution for our group. There are two vendor options available to the City: MedSurety or WEX. Bill and City staff are recommending Council approval of a contract with MedSurety, the lowest cost provider, to administer our medical spending accounts.</p> <p>Cost proposals: MedSurety: \$3.00 per participant per month. Annual approx. cost of \$3,168. WEX: \$3.75 per participant per month. Annual approx. cost of \$3,960.</p> <p>MedSurety has committed to providing a reduction in per participant costs and a smooth transition. Our existing provider, Further, charges \$3.75 per participant per month for single account holders and \$4.10 for those with multiple accounts. Total cost to the City with Further is approximately \$4,293 annually. If the Council approves an agreement with MedSurety, the costs would be a flat \$3.00 per participant per month, for an annual cost of approximately \$3,168, which is an annual savings of \$1,125.</p> <p>If approved by the Council, Staff would provide Further the required 60-day termination notice and begin the transition. MedSurety would become our administrator on all health savings and medical spending accounts effective October 1, 2022. MedSurety has also offered to waive set up fees, and offered the City a 3-year rate guarantee beginning 01/01/2023 through 12/31/2025. Staff would work with Bill and NIS staff to communicate this change to employees.</p>
Fiscal Impact:	Reduction in annual costs. Our annual account administration fee would be approximately \$3,168, a savings of \$1,125, and includes a 3-year rate guarantee through 12/31/2025.
Alternative/Variations:	None recommended.
Recommendation:	To authorize staff to approve an agreement with MedSurety to administer the health savings and medical spending accounts.