

### Att. 3 Alerus/Section 125/Payroll/COBRA/POP Plans

Since 2002, the MDA has endorsed BASIC Benefits to provide payroll processing and Section 125 and Premium Only Plans to MDA members, primarily to facilitate their participation in MDA health insurance programs. The MDA itself has been using BASIC for payroll processing and to facilitate its H.S.A. plan contributions. For many years, the company provided excellent service at favorable costs. Unfortunately, in 2020 the company was sold and the new ownership implemented technology changes that have been disastrous for its customers. In addition to deploying software that failed to properly perform the essential tasks for which it was developed, company executives and staff demonstrated flagrant disregard to requests for assistance, guidance, and correction of errors its poor execution caused.

Lack of responsiveness to our own and our members' complaints, along with poor communication about the nature of the problems being experienced, lead MDA Services to initiate a search for new company to provide these services. BASIC has been notified that the MDA is exercising its termination rights and ending the endorsement relationship as of July 31, 2021. A request for proposals was issued and candidates were reviewed by the Endorsed Services Committee at its April 9 meeting. The preferred candidate was 24HourFlex, a firm with 32 years' experience providing administration and document services, and which had been acquired by the financial services firm Alerus in December 2020. Alerus offers all the services required by the RFP; not all candidates could facilitate payroll services. It also offers COBRA administration, which the MDA Health Plan may wish to utilize for continuing coverage administrative services.

The MDA utilizes Alerus for its employee retirement program (401k plans) and has substantial funds invested in that plan. Over the years, Alerus has proved to be a reliable and responsive company. It is believed that should any difficulties present themselves with the service or administration of the programs proposed for endorsement, the MDA's existing relationship with Alerus will provide leverage to ensure the timely and proper resolution of matters.

Alerus provides Section 125 plan participants with user-friendly web- and app-based tools to manage their accounts. Customers are on hold 90 seconds or less to speak with a live call center representative and 99% of calls are resolved on first contact; the remaining 1% are followed up with within 24 business hours. Reference checks on 24Hour Flex proved positive.

Alerus has agreed to discount document-only services fees by 15%; Flexible Spending Account, Health Savings Account, Health Reimbursement Account and Commuter services by 11%; and will waive the \$150 implementation fee for pretax administration. Payroll services will also receive a discount. MDA will receive a \$50 royalty on document services and \$25 per amendment as well as a per person monthly revenue share ranging from \$7.50 to \$0.10 on other services.

On April 9, the Committee on Endorsed Services adopted the following resolution:

#### **Adopted**

The Committee on Endorsed Services recommends to the MDA IFG Board of Directors that it consider Alerus to be endorsed for Section 125

Plan, Premium Only Plans and related services, subject to a mutually agreeable contract.

Alerus representatives Paula Ellermann, Sean Kadel and Alysha Frie will present the company's proposal on June 25 via Zoom.

Their response to the RFP follows.



# MDA Services Section 125/POP Request For Proposal

## RFP Primary Contact

Paula Ellermann, Sales Director  
paula@24hourflex.com | 303-481-1577



ALERUS



## Fee Summary

### MDA Services RFP

### Section 125/POP

Note: Fees below represent discounts for MDA Members

Document Services	MDA Member Fee	MDA Royalty Amount
Premium Only Plan Document	\$300.00	\$50.00
Section 125 Plan Document	\$300.00	\$50.00
Section 105 (HRA) Plan Document	\$300.00	\$50.00
Amendment Fee, when required	\$125.00	\$25.00

### FSA, HSA, HRA, Commuter Administration Monthly Base Fee + PPPM Fee

<b>FSA PPPM Fee</b> Includes Medical FSA, Dependent Care FSA, Limited Purpose FSA	\$3.75	\$0.19
<b>HSA PPPM Fee</b>	\$2.00	\$0.10
<b>HRA PEPM Fee - Standard HRA Plan Design (Post Deductible)</b>	\$4.00	\$0.20
<b>Commuter PPPM Fee, Parking or Transit</b>	\$2.50	\$0.13
<b>Monthly Minimum Fee</b>	\$75 per Employer	\$7.50

No annual renewal fee

### COBRA Administration

<b>Per Benefit-Eligible Employee Per Month</b>	\$0.65	
<b>Monthly Minimum Fee</b>	\$50 per Employer	\$5.00

No annual renewal fee

## **MDA Services**

### **Section 125/POP**

### **Request For Proposal**

#### **Requirements for Program Proposals**

MDA Services finds the following information helpful in weighing endorsement decisions. Please respond to as much of the requested information as possible to aid in our decision-making process.

#### **A. Company Information**

1. Company name.  
[Alerus Financial, N.A.](#)
2. Company corporate headquarters and other office locations.  
[Alerus corporate headquarters is located in Grand Forks, ND. Sales is located in Minneapolis, MN, and COBRA/Flex/HRA/HSA account administration are located in offices in and around the Twin Cities, Albert Lea, MN, and Denver, CO.](#)
3. Company phone number and website address.  
[Customer service toll free number: 1-800-2749-3200](#)  
[Website addresses:](#)  
[Alerus.com – Welfare benefit accounts](#)  
[Alerusrb.com – Retirement accounts](#)
4. List the principal management team members of your company and a brief biography of each person. Please provide a main contact person.  
  
[Paula Ellermann, Sales Director, 11 years](#)  
[-Primary Contact for proposals and adding services](#)  
  
[Matthew Poppe, Director Alerus Retirement & Benefits, 21 years](#)  
[-Company operational oversight](#)  
[-Oversees the Account Management Team](#)  
  
[Jonathon Murphy, Implementation Manager, 8 years](#)  
[-Oversees the Implementation of new clients and current clients adding additional services](#)

- Client's direct point of contact during Implementation
- Provides Plan Documents & contracts
- Funding /Banking set up
- Enrollment: Support, materials, file feeds, employer portal training

Michelle Santiago, Account Manager, 13 years

- Dedicated Account Manager, Client's single source of contact
- IRS compliance, non-discrimination testing
- Account Maintenance, Enrollment support, & contribution control

Attached please find the biographies for Randy Newman, President & CEO, and Ann McConn, Executive VP and Chief Business Officer.

5. Provide a brief history of your company.

Alerus began as the Bank of Grand Forks in 1879, becoming First National Bank of Grand Forks. In 2016, Alerus acquired Alliance Benefit Group (ABG) North Central States. ABG has been providing Section 125 administration since 1980. Health Savings Account administration was added in 2005, and Payroll service has been offered since 1995.

Alerus acquired 24HourFlex in December of 2020, providing Section 125 administration and document services for over 32 years.

Please see the complete history of our company on the attached Alerus Overview.

6. Provide information or statement regarding the financial stability of your company. Is your company publicly traded?

Alerus is structured as a highly diversified professional service firm, more than simply a bank. Roughly 60% of our income is fee-generated not dependent on interest rates, which allows the company to perform strongly even in a challenging rate environment.

Please see the Alerus Overview document that describes our portfolio.

Alerus is a publicly traded company, as of September 2019.

7. List any other associations or organizations that work with your company.

Alerus partners with Wex Health, the industry-leading cloud-based software provider. Their technology interface services more than 50% of the Fortune 500 companies and offers a user friendly and secure benefit platform for both Employers and Participants. Wex also delivers the best mobile application in the industry. Supported by Apple IOS and Android, participants can manage their health benefits on the go.

Please see the answer to question B.4 for additional information regarding our software technology features.

## **B. Section 125 Plan Set Up and Administration**

1. Provide a detailed description of the services offered by your company.  
24HourFlex Alerus provides comprehensive pretax benefit administration including FSA, HSA, HRA, Commuter, Wellness, as-well-as, COBRA and Retiree Billing. Our benefit platform includes online Employer Portal, online Consumer Portal, Mobile App, and Debit Card.

Document services are also offered including Premium Only Plan, Section 125, and documents for client in-house administration.

2. Explain the process an MDA member would follow to engage your company.  
The member can easily access our contact information through the MDA member site, contacting us via a phone call or email. Alerus also provides 24/7 online chat and the top-rated mobile application. Alerus will provide responsive care to the MDA members, including fast and friendly care via our direct call line.
3. Discuss the plan set up and documentation process.  
Primary contact, Paula Ellermann, Sales Director, will speak with the MDA member to understand their service request, provide information/resources, and answer questions.

For document services only:

- We will provide a link questionnaire to be completed and submitted by the MDA member.
- Our standard turnaround time is 7 – 10 days to provide the document along with simple instructions for execution.

For administration services:

- MDA member will receive an implementation email from Paula Ellermann to start the implementation process.
- MDA member will receive link to complete the implementation questionnaire and link to schedule a conference call with our Implementation Manager.
- During the scheduled conference call, our Implementation Manager will go over details included enrollment & resources, contracts, plan documents, and answer all questions.

- Implementation Manager will responsibly provide follow-up information to MDA member to meet the effective date of the plan(s).
4. What differentiates your company and its services from those of your competitors?
- Alerus offers a dedicated Account Manager as the client's single source of contact for benefits administration.
  - Members will have direct contact and responsive care with a Sales Director for document only clients.
  - Members will experience easy use through the industry leading technology – both online and through our mobile application.
  - Alerus is committed to participant and client satisfaction, and we deliver end-to-end service through our engagement services.
  - Alerus is the 401k services provider to MDA clients and participants. We can support a comprehensive, consolidated approach to simplify services and communications through both Health & Wealth services.

**Wex Health, software partner:**

With Alerus software partner, Wex Health, healthcare account information is easily accessible.

- Real-time access including an intuitive app design and navigation
- Log in to your account(s) with ease
- Quickly check available balances and account details for medical and dependent care FSA, HSA, HRA, and Commuter
- View charts summarizing account information
- View in-app messages and text alerts that provide instant notifications about your account(s)
- Link to an external web page to obtain helpful information such as a list of eligible expenses
- Retrieve a lost username or password

**MOBILE APP**

Use your device of choice – including Apple® and Android™-powered smartphones. Check Balances and account details at your fingertips.

Scan Expenses: Simply scan a product bar code to help determine eligibility as a qualified medical expense.

Make Payments Quickly: Record a health expense and capture the receipt the moment the transaction happens. Easily add payees and pay bills from any account. And, if you pay out-of-pocket, file a claim with a receipt or request a distribution from your HSA - right from your phone.



Manage HSA Investments: Keep track of HSA investment performance including balance and activity details, a graphical snapshot displays rate of return and performance over time. Analyze asset mix and allocations with easy-to-read graphs to make informed decisions about your healthcare.

5. Tell us about your ability to service MDA members throughout the state; describe your staffing levels and willingness to expand as necessary to meet the needs of our members.

Yes, we can service MDA members throughout the state. Our staffing levels and service metrics are reviewed on a regular basis to ensure we are meeting and exceeding our client service expectations. We will increase our staffing as determined to provide continued responsive care. We stand by our service philosophy of *Building Great Relationships through Great Service*.

### C. Pricing and Discounts

1. Please explain your fee structure for the various plans. Do fees vary depending upon the number of eligible employees or is there a flat fee per employee per month?

Document only services are a flat rate.

Administration fees for FSA/HSA/HRA/Commuter/COBRA include a per participant fee and a minimum monthly fee.

Please see the attached Fee Summary listing services, MDA Member fees and MDA Royalty amounts.

#### MDA Member Savings

Standard fees:	Member Savings
FSA: \$4.25 ppm	12%
HSA: \$3.25 ppm	38%
HRA: \$4.25 ppm	6%
Commuter: \$2.50 ppm	0%
<b>Average:</b>	<b>14%</b>

Plan Documents:	Fee	Member Savings
POP:	\$300	0%
Section 125/Section 105:	\$500	40%

2. Are there discounts available for companies that utilize more than one of your services, ie. Payroll plus POP vs either stand-alone.  
Discounted pricing is already applied for multi administration products.
3. What discount from your normal fees for each type of service will you offer to MDA members? Be specific.  
The following discounts have been applied to our normal fees, as listed on the Fee Summary attachment:
  - Document only services: 15%
  - FSA/HSA/HRA/Commuter: 11%
  - Implementation fee for pretax administration: Waived \$150. fee

#### **D. Customer Services**

1. Describe your intake consultation/onboarding process.  
Primary contact, Paula Ellermann, Sales Director, will speak with the MDA member to understand their service request, provide information/resources, and answer questions.

For document services only:

- We will provide a link questionnaire to be completed and submitted by the MDA member.
- Our standard turnaround time is 7 – 10 days to provide the document along with simple instructions for execution.

For administration services:

- MDA member will receive an implementation email from Paula Ellermann to start the implementation process.
- MDA member will receive link to complete the implementation questionnaire and link to schedule a conference call with our Implementation Manager.
- During the scheduled conference call, our Implementation Manager will go over details included enrollment & resources, contracts, plan documents, and answer all questions.
- Implementation Manager will responsibly provide follow-up information to MDA member to meet the effective date of the plan(s).

2. Describe your service level commitment with regard to responsiveness to customer concerns, complaints and inquiries.  
Our responsive service metrics include:

- 90 seconds or less average hold time to speak with a live Call Center Representative.
- 99% of calls are resolved with the first call; we call the 1% back within 24 business hours.

Escalated concerns are reviewed and responded by the Customer Experience Manager, Claims Supervisor, or dedicated Account Manager.

3. What mechanisms will be in place to track MDA member business?  
Our CRM system will be marked indicated the opportunity is a MDA member. Each entity will be a division under the MDA, and our system can report at the master or division level. Reporting functionalities support comprehensive plan data, including plan enrollment, plan billing and associated Royalty amounts.
4. Can your company serve the entire State of Michigan?  
Yes, we can.

**E. Limitations to Cross-Selling:** MDA Insurance & Financial Group operates a full-service insurance agency. It is able to fulfill any insurance need a dentist may need.

1. Does your firm also sell, refer or recommend any type of state or federally mandated insurance programs?  
Other than administering COBRA, we do not sell, refer or recommend any type of state or federally mandated insurance programs.
2. You must disclose any potential conflict of interest regarding the sale or provision of any type of insurance.  
Acknowledged. There is no conflict of interest.

## **F. Marketing to MDA members**

1. What marketing collateral would you develop in order to aid in the promotion of the MDA program to our members (i.e. brochures, flyers, newsletters, articles, electronic communication, webinars)?  
We are pleased to work with MDA regarding promotion, communications, and resource needs.

Numerous flyers, videos and resources are readily available on our website. **Click here for the [OE Resource Center](#)** - Flyers and Videos are under the Resources tab.

Our Marketing Director produces custom client-specific flyers, under the oversight of the client's dedicated Account Manager. Initially, we would suggest a custom flyer for the Members highlighting our services and fees.

2. Would you build a specific landing page for MDA members on your website?  
No, however we can provide a hot link to our website for MDA to place on their website.

## **G. Royalty**

MDA Services generates revenue (royalties) for the Michigan Dental Association endorsement from its business partners based on business transacted with members.

1. What sort of revenue sharing structure do you envision as compensation to the MDA for the endorsement of your proposed services?  
Please see the attached Fee Summary listing services, MDA Member fees and MDA Royalty amounts based on services provided to MDA Members.
2. Would the MDA be compensated on existing MDA members currently using your services?  
We do not currently serve any current MDA members with POP/Section 125 documents or administration.
3. What is the frequency of royalty payment you would prefer, ie. Monthly vs quarterly?  
Our standard process would be to pay the royalty payments on a quarterly basis. We are pleased to discuss the preference of MDA for either of monthly or quarterly royalty payment.

Thank you,

Paula

***Paula Ellermann***

***Sales Director***

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