

DECEMBER 2023

LIST OF COMPETITIVE PROCUREMENTS FOR BOARD APPROVAL

Procurements Requiring Majority Vote:

F. Personal Service Contracts

(Staff Summaries required for items estimated to be greater than \$1,000,000.)

1. **P&A Administrative Services, Inc.** **\$1,500,000** *Staff Summary Attached*
Five-year base + two 1-year Options
Contract# 15888
Award of a contract for administrative and record-keeping services in connection with the MTA Flexible Spending Account (“FSA”) program.

H. Modifications to Personal Service Contracts and Miscellaneous Service Contracts Awarded as Contracts for Services

(Staff Summaries required for items estimated to be greater than \$1,000,000.)

2. **CaremarkPCS Health, LLC** **\$414,500,000** *Staff Summary Attached*
42 months
Contract# 0006000020.3
Modification to the contract for the provision of pharmacy benefits manager program services, in order to add funding and extend the contract by 12 months.
3. **Greystone Select, Inc.** **\$2,811,738 (estimate)** *Staff Summary Attached*
Five years and nine months
Contract# 8743-0100.7
Modification to the contract for tenant management and accounting services, in order to add one fulltime employee and extend the contract by six months.

Item Number: 1			
Department: Chief People Officer, Hugo Pizarro			
Internal Approvals			
Order	Approval	Order	Approval
1	Procurement	6	CFO
2	People		
3	People, Tax-Favored Programs		
4	DDCR		
5	Legal		

SUMMARY INFORMATION	
Vendor Name P&A Administrative Services, Inc.	Contract No. 15888
Description Administrative & Record-Keeping Services for MTA Flexible Spending Account Plan (FSA)	
Total Amount: \$1,500,000 (not-to-exceed)	
Contract Term (including Options, if any) January 1, 2024–December 31, 2030	
Option(s) included in Total Amount? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
Renewal? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive	
Solicitation Type <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	

Purpose

To recommend that the Board approve the award of a competitively negotiated all-agency personal services contract to P&A Administrative Services, Inc. (“P&A”) for administrative and record-keeping services in connection with the MTA’s Flexible Spending Account (“FSA”) program. The contract term is for a period of five years, beginning January 1, 2024, with two 1-year options, that may be exercised separately or concurrently, for a total not-to-exceed amount of \$1.5 million.

Discussion

The MTA Deferred Compensation Committee has, since January 1990, operated a voluntary tax-favored program authorized under certain sections of the Internal Revenue Code. This tax-favored program is operated for the benefit of employees of the MTA and its subsidiaries and affiliates, allowing employees to pay for qualified health care and dependent care using pre-tax income through payroll deductions. Approximately 6,500 employees currently participate in the FSA plan.

In 2017, the Board approved the award of a competitively negotiated all-agency personal services contract to P&A for the provision of services related to the FSA portion of the program. The contract will expire on December 31, 2023. The program’s costs are offset by approximately \$932,000 per year in savings due to reductions to the employer portion of FICA taxes that otherwise would be owed on wages, resulting in a net-zero cost to the MTA for this service.

The Request for Proposals was publicly advertised in July 2023 and letters advising potential proposers of its availability were mailed to 10 firms. Proposals were received from three firms: P&A; PayFlex Systems USA Inc. (“PayFlex”); and Total Administrative Services Corporation (“TASC”).

The Selection Committee (“SC”), comprised of representatives from MTA Headquarters People and Pension departments, evaluated each proposal in accordance with the following: (1) Stability and reputation of the proposer and demonstration of successful experience providing FSA administration services for comparable plans; (2) Proposer’s experience with successful conversion of FSA plans from another provider; (3) Commitment of resources including time, number, and qualifications of key personnel assigned to perform the services required by the MTA and quality of oral presentation by key personnel who will perform the work, if requested by the MTA; (4) Usefulness, convenience, and overall quality of end- customer’s (i.e., participants’) user experience available across platforms (web, app, phone, etc.); (5) A demonstrated understanding of the MTA’s service requirements, and any additional value-added services that a proposer recommends; (6) Flexibility, quality, and capabilities of proposer’s IT systems with respect to the MTA’s/plan sponsor’s access to the record-keeping database (for billing, reporting, demographic changes, enrollment information, etc.); (6) Diversity Practices; and (7) Total Cost.

The SC deemed all three proposers technically qualified and recommended that each be invited for oral presentations. Upon completion of the oral presentations, the SC recommended entering into negotiations with all three and having each proposer submit its Best and Final Offer (“BAFO”). After reviewing the BAFOs, the SC unanimously determined that P&A’s proposal provided the best value to the MTA.

P&A initially proposed a per-person per-month (“PPPM”) fee of \$2.30; PayFlex proposed \$2.45; and TASC proposed \$3.06. Following negotiations, P&A submitted its BAFO of \$2.00 PPPM, the lowest among the three proposers. This represents a savings of 18 percent when compared to P&A’s initial cost proposal and is 41 percent lower than the current \$3.40 PPPM fee. In comparison to the existing contract, an annual cost savings of \$109,200, or \$764,400 total savings over the seven-year contract term, was achieved. Based on the foregoing, the BAFO is deemed fair and reasonable. P&A has been satisfactorily providing administrative and record-keeping services for MTA’s FSA accounts for 14 years.

The contract resulting from this procurement has been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. Any applicable cybersecurity requirements, to the extent required, have been included in the contract terms and conditions.

P&A has certified that pursuant to EO 16, it is not doing business in Russia.

M/W/DBE Information

The MTA Department of Diversity and Civil Rights has recommended no goals for this contract.

Impact on Funding

This contract will be funded by the MTA Operating Budget. Based on prior experience, there will continue to be a net-zero cost to the MTA for the FSA Plan because the PPPM fees are offset by savings in employer tax contributions.

Alternatives

Do not continue the FSA Plan. This is not a practical alternative. This voluntary program has been favorably accepted by both non-represented and represented employees. Employee interest and enrollment is expected to increase annually. Additionally, the MTA does not have the capability to perform these services internally.

Recommendation

To approve the award of a competitively negotiated all-agency personal services contract to New York-based P&A for administrative and record-keeping services in connection with the MTA FSA program in the not-to-exceed amount of \$1.5 million.

Schedule H: Modifications to Personal Service & Miscellaneous Service Contracts

Item Number: 2

Vendor Name (Location) CaremarkPCS Health, LLC (Woonsocket, Rhode Island)
Description: Pharmacy Benefits Manager (PBM) Program
Contract Term (including Options, if any) June 1, 2019–December 31, 2023
Option(s) included in Total Amount? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> n/a
Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive
Solicitation Type <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other: Modification
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:
Requesting Department: Human Resources, Stephen Scholl

Contract Number 0006000020	AWO/Mod. # 3
Original Amount:	\$ 944,600,000
Prior Modifications:	\$ 425,000,000
Prior Budgetary Increases:	0
Current Amount:	\$ 1,369,600,000
This Request:	\$ 414,500,000
% of This Request to Current Amount:	30.3%
% of Modifications (including This Request) to Original Amount:	88.9%

Discussion:

MTA Headquarters is seeking Board approval to extend a competitively negotiated personal service contract, approved by the Board in March 2019 (“Contract”), with CaremarkPCS Health, LLC (“CVS Health”) for an additional 12 months (through December 31, 2024) to ensure the continuation of the pharmacy benefit management services until award can be made of the successor contract. The contract modification to extend the Contract will add funding in the amount of \$414.5 million, which includes the cost for the continuation of pharmacy benefit management services for approximately 150,000 active NYC Transit represented employees, retirees, and their dependents in accordance with existing collective bargaining agreements.

Under the Contract, CVS Health provides the pharmacy benefit management services for NYC Transit as a third-party administrator of prescription drug programs. CVS Health is primarily responsible for processing and paying prescription drug claims and, by aggregating prescription drug purchases, CVS Health is able to negotiate favorable rebates and discounts on the behalf of NYC Transit. CVS Health manages two plans: (1) a commercial plan that primarily serves members ineligible for Medicare; and (2) an Employer Group Waiver Plan (“EGWP”) serving Medicare-eligible members that takes advantage of financial incentives for employers that are made available through the Affordable Care Act.

In November 2022, the Board approved a 13-month extension of the Contract totaling \$425 million, which included additional funding for the original contract term plus a 180-day option period (through November 27, 2022) and an additional 13-month extension period (November 28, 2022–December 31, 2023). This Board request for approval for an additional \$414.5 million includes funding for the current Contract term in the amount of \$18.7 million and \$395.8 million for the extension through December 31, 2024, for a revised total Contract amount of \$1,784,100,000.

This request for an extension through December 31, 2024, is required for additional time to finalize the procurement, which began in March 2023, and is currently in step two of the RFP process. Once this process has been finalized, Board approval will be sought for the award of the successor contract.

Benefits advisory consultant Mercer Health & Benefits, LLC (“Mercer”) was engaged by the MTA to benchmark CVS Health’s pricing with the intention of negotiating a one-year extension through 2024. The market survey and analyses performed by Mercer indicated that competitive market conditions exist for the MTA to capture savings for the 2024 plan year. CVS proposed improvement to its pricing. Following negotiations, a total savings of \$15.8 million (driven primarily by higher rebates) were reached, of which \$15,003,000 are savings for the commercial plan, and \$797,000 are savings for the EGWP. Based on the foregoing analysis and negotiations, CVS Health’s pricing is determined to be fair and reasonable.

CVS Health has certified pursuant to Executive Order 16, that it is not doing business in Russia.

Applicable cybersecurity terms and conditions and requirements were previously incorporated into the Contract in connection with the November 2022 modification of the Contract.

Impact on Funding

Funding for this modification is included in NYC Transit’s Operating Budget.

Schedule H: Modifications to Personal Service & Miscellaneous Service Contracts

Item Number: 3

Vendor Name (Location) Greystone Select Incorporated (New York, New York)	Contract Number 8743-0100	Supplemental Agreement # 7
Description: Tenant Management and Accounting Services	Original Amount:	\$ 19,340,000
Contract Term (including Options, if any) March 1, 2018–December 31, 2023	Prior Modifications:	\$ 7,567,652
Option(s) included in Total Amount? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> n/a	Current Amount:	\$ 27,856,652
Procurement Type <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive	This Request:	\$ 2,811,738
Solicitation Type <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other: Modification	% of This Request to Current Amount:	10.1%
Funding Source <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	% of Modifications (including This Request) to Original Amount:	54%
Requesting Department: MTA Real Estate Services, David Florio		

Discussion:

MTA Headquarters is seeking Board approval to modify the all-agency competitive personal services contract awarded to Greystone Select Incorporated (“Greystone”), formerly Greystone & Co, d/b/a Greystone Management Solutions, for tenant management and accounting services in order to add one full-time employee (“FTE”) and extend the contract term for six months (January 1, 2024–June 30, 2024).

Greystone currently provides tenant lease compliance enforcement and tenant rent collection/accounting services for all tenants managed by MTA Real Estate. Greystone also provides (1) transaction management services which include acquisitions in support of the Capital Program and leasing of retail and non-retail property to generate non-farebox revenue; (2) a New York State Code Enforcement Official to provide preliminary plan review, operational compliance oversight and construction guidance to assist the Agencies and expedite completion of tenants’ design and construction with the Agencies that issue approvals; (3) dispute resolution management of collections matters and biweekly reporting on all legal matters.

Since this contract was awarded in March 2018, there have been Supplemental Agreements to add (1) Request for Proposals (“RFP”) administration; (2) Yardi database administration (Yardi is the system that is used as Real Estate’s property database and tenant accounting system); (3) transaction management (noted above); (4) easement administration; and (5) management of property acquired for the Capital Program until the MTA Construction and Development (“C&D”) contractor begins work.

Additionally, in May 2022, the Board approved a modification to add property management services in connection with Phase 2 of the Second Avenue Subway project and extend the contract from March 1, 2023, to December 31, 2023, to facilitate the preparation of a new RFP solicitation for release in the first quarter of 2023. MTA Procurement solicited a new RFP for these services in January 2023, however, additional time is being requested to complete negotiations and finalize terms for the new contract.

Under this Supplemental Agreement, the FTE will replace the Project Manager currently engaged by MTA Construction and Development to act as a liaison between the (1) the Penn Station master tenant and its subtenants; and (2) MTA C&D’s External Partner Program and code approval officials: Long Island Rail Road and Amtrak.

The cost for this Supplemental Agreement is \$2,811,738 (\$2,710,938 for the extension and \$100,800 for the FTE). The six-month extension pricing was negotiated with Greystone, who has agreed to hold current pricing from January–March 2024. For April–June 2024, Greystone proposed an escalation of 4 percent, and this was negotiated down to 3 percent, resulting in a savings of \$10,073. This 3 percent increase is deemed to be in line with the current market Consumer Price Index and is fair and reasonable.

MTA and Greystone are currently moving toward a resolution to finalize the cybersecurity terms and conditions.

Greystone has certified that pursuant to EO 16, it is not doing business in Russia.

Schedule H: Modifications to Personal Service & Miscellaneous Service Contracts

Impact on Funding

The Contract extension will be charged to the Agencies whose tenants are being managed by MTA Real Estate on their behalf and will be allocated proportionally to each Agency.

Alternatives

MTA Real Estate does not have the staffing to perform these services in-house. The Board previously authorized the delivery of these type of tenant and property management services using third-party providers such as Greystone; a lapse in these services will be detrimental to operations. The extension will allow sufficient time for MTA Procurement to negotiate a new Contract that will address MTA Real Estate's current and anticipated future needs.