

## SEPTEMBER 2025

### 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.)

- |   |                        |                                      |
|---|------------------------|--------------------------------------|
| <b>1. Aetna Life Insurance (-0100)</b>  | <b>\$7,948,300,000</b> | <b><i>Staff Summary Attached</i></b> |
| <b>2. Aetna Life Insurance (-0200)</b><br><b>Contract #s 16000-0100 / 16000-0200</b><br><b>Three Years (-0100) / Two Years (-0200)</b>  | <b>\$59,550,000</b>    | ↓                                    |
| Two contract awards to provide medical health benefits programs for approximately 150,000 active and retired employees of NYC Transit, MTA Bus Company, and Staten Island Rapid Operating Authority and their dependents. |                        |                                      |
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- |  |                    |                                      |
|--|--------------------|--------------------------------------|
| <b>3. IBM Corporation</b><br><b>Three Years + two 1-year options</b><br><b>Contract # 900000000005083</b>  | <b>\$7,854,856</b> | <b><i>Staff Summary Attached</i></b> |
| Contract award to provide day-to-day maintenance and support services for MTA's existing UKG Workforce Central system and for the new upgraded Kronos Pro Workforce Management system. |                    |                                      |

#### **J. Modifications to Miscellaneous Procurement Contracts**

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

- |   |                     |                                      |
|---|---------------------|--------------------------------------|
| <b>4. Cubic Transportation Systems</b><br><b>Twelve Years, 8 months + 10 years Optional Service Extension</b><br><b>Contract # 9A-34024.51</b>  | <b>\$17,987,224</b> | <b><i>Staff Summary Attached</i></b> |
| Contract for the Procurement of OMNY EU/LU Media: Modification to fulfill media inventory needs for CVM replenishment, CS POS replenishment, DOE new school year, B2B Orders, new pass issuance, and Reduced Fare replenishment for 2026. |                     |                                      |

# Staff Summary

<b>Item Number: 1–2</b>			
<b>Department, Department Head Name:</b>  Deputy Chief Benefit Admin Officer, Stephen Scholl			
<b>Internal Approvals</b>			
<b>Order</b>	<b>Approval</b>	<b>Order</b>	<b>Approval</b>
1	Procurement		
2	Legal		
3	DDCR		
4	CFO		

<b>SUMMARY INFORMATION</b>	
<b>Vendor Name</b> Aetna Life Insurance Company (Hartford, Connecticut)	<b>Contract No.</b> 16000-0100 16000-0200
<b>Description:</b> NYCT Medical Benefits Program	
<b>Total Amount:</b> Contract 16000-0100: \$7,948,300,000 (options included*) Contract 16000-0200: \$59,550,000 (no options included)	
<b>Contract Term (including Options, if any)</b> Contract 16000-0100: January 1, 2026–December 31, 2030 Contract 16000-0200: January 1, 2026–December 31, 2027	
<b>Option(s) included in Total Amount?*</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
<b>Renewal?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive	
<b>Solicitation Type</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	

## Purpose

Board approval is sought to award two competitively negotiated personal services contracts to Aetna Life Insurance Company (“Aetna”) to provide medical health benefits programs for approximately 150,000 active and retired employees of NYC Transit, MTA Bus Company, and Staten Island Rapid Transit Operating Authority (collectively “NYC Transit”) and their dependents (“Participants”).

The base term of contract 16000-0100, for the Preferred Provider Organization (“PPO”) and Exclusive Provider Organization (“EPO”) plans, is three years (January 1, 2026–December 31, 2028) with an option to extend for two additional years (January 1, 2029–December 31, 2030) for a total not-to-exceed amount of \$7,948,300,000, including the options. The projected cost for contract 16000-0100 is itemized as \$4,398,000,000 for the base term years, and \$3,550,300,000 for the option years. Of the total contract value, fees are approximately 98.5 percent for medical claims as a pass-through from Aetna to medical providers and 1.5 percent for administrative fees. The Board is also requested to authorize the MTA Assistant Deputy Chief Procurement Officer to approve the exercise of Options 1 and 2.

The base term of contract 16000-0200 for the Medicare Advantage (“MA”) plans is for the period of two years (January 1, 2026–December 31, 2027) for a total not-to-exceed amount of \$59.55 million. This contract is for a two-year base term, plus three, 1-year options totaling five years if all options are exercised. However, the pricing negotiated covers the base term only due to uncertainty regarding the Centers for Medicare & Medicaid Services subsidies for MA plans. The pricing for the options will be based on a formula applicable for each specific option year and subject to MTA Board approval.

## Discussion

Participant benefits are provided per the respective Collective Bargaining Agreements (“CBAs”) of the Transport Workers Union Local 100, Amalgamated Transit Union Locals 726 and 1056, Subway Surface Supervisors Association, Transit Supervisory Organization Local 106, and United Transportation Union Local 1440. Currently, Aetna has been administering the self-insured plans for these groups via (1) a PPO plan that covers 49 percent of total Participant population; (2) an EPO plan covering 32 percent; and (3) the fully insured MA plans, which cover 19 percent. With the exception of the population of Participants that are in the fully insured MA plan, the MTA pays Administrative Services Only (“ASO”) fees to Aetna to provide and administer the network of physician and hospital providers, and process claims. The actual costs of claims are passed on to the MTA and are included in the contract values presented here. The current agreement with Aetna is expiring on December 31, 2025. Services provided under this agreement have been satisfactory.

In the fourth quarter of 2024, MTA Procurement engaged in a competitive RFP to select a medical benefits provider(s) for plans commencing January 1, 2026. A Selection Committee (“SC”) comprised of MTAHQ and NYC Transit staff was formed, inclusive of union representation. Through this RFP, the MTA sought solutions that deliver an optimal member experience, empower members to make optimal healthcare choices, and improve the overall health of the covered population. NYC Transit is bound by the CBAs, which set the benefits that are to be provided.

The MTA, assisted by Mercer Health & Benefits LLC (“Mercer”), a benefit consulting firm, conducted a two-step RFP process. The Segal Company (Eastern States), Inc., also a benefits consulting firm, was engaged to assist in the evaluation of technical responses and network provider disruption, as well as deviation and takeover issues.

Step 1 of the RFP pre-qualified proposers. Only pre-qualified proposers could participate in Step 2. Proposers were permitted to provide responses to one, all, or any combination of three plan options: PPO, EPO, and/or MA. Following market outreach and advertising, seven proposers’ submissions were received for Step 1, resulting in all seven firms becoming pre-qualified for RFP Step 2.

- Aetna
- Anthem Blue Cross and Blue Shield (“Anthem”)
- Cigna Life Insurance Company (“Cigna”)
- EmblemHealth (“Emblem”)
- Humana Insurance Company of New York (“Humana”)
- Personify Health, Inc. (“Personify”)
- and United HealthCare Services (“UHC”)

Four proposers submitted RFP Step 2 responses for the self-insured PPO and EPO plans: Aetna, Anthem, Emblem, and UHC. Two proposers submitted responses for the fully insured Medicare Advantage plan: Aetna and UHC. Cigna, Humana, and Personify declined to participate.

Based on an initial evaluation of the proposals, the SC recommended that all four proposers be invited for oral presentations. The proposal evaluation focused on each proposer’s:

- Quality and capability technically to meet MTA’s requirements;
- agreement with contractual performance guarantees;
- network access and provider disruption, including proposer’s network size, geographic access, and disruption of the proposer’s network, total cost to the MTA, including premiums, gain share, and credits; and
- diversity practices as determined by the MTA questionnaire.

Proposals were evaluated on each firm’s network of physician and hospital providers, various discounts negotiated with those providers, and other features of the plans offered. A disruption analysis, measuring the extent to which the physicians and hospitals available to Participants under the existing medical benefits plans would be in- or out of network if a different carrier was chosen, was also considered for each plan. This analysis was performed by Mercer, and concluded that overall, a change of carrier and/or continuing services with Aetna would result in a low level of disruption for the PPO, EPO, and MA Participant population.

To evaluate pricing, Mercer used a proprietary database of discounts. These discounts were submitted by healthcare vendors and independently verified by actuaries. This is a methodology and tool well known and accepted in the industry. It has also been used in the solicitation of healthcare vendors by several large public and private employers. Proposers were advised in the RFP that the MTA would use this method of pricing analysis. Each carrier was given the opportunity to submit additional data if they felt that the data they previously submitted for Mercer’s database did not represent the networks they were proposing. UHC provided data for one of its networks not included in Mercer’s database and that was incorporated into the analysis.

After review of the technical qualification and oral presentations, the SC chose to proceed to negotiations with Aetna, Anthem, and UHC based on the rankings from a technical perspective. The SC identified these three finalists to best meet the scope of work requirements outlined within this RFP. Best and Final Offers (“BAFO”) were requested from all three proposers. After a thorough technical and financial review and analysis of all RFP documentation, including member disruption and access analysis, oral presentations and BAFO pricing, Aetna was the highest ranked proposer for all plans. Aetna was determined to provide the best value for MTA at the lowest estimated cost for both contract awards. The SC unanimously voted to recommend Aetna for award.

## **Contract 16000-0100**

Aetna, Anthem, and UHC were selected as finalists based on a result of technical evaluations. The PPO and EPO financial analysis showed that Aetna’s proposal and claims projected spend results in the lowest total estimated cost for both plans individually, as well as combined. The final negotiated PPO and EPO combined budget cost estimate is \$7,948,300,000 (five-year cumulative projection for 2026–2030) which is \$40.9 million less than the MTA baseline spend projection assuming no RFP was issued, and \$3.2 million less than the second-lowest proposal cost estimate. The negotiated baseline reductions are achieved by lower administrative fees of \$20.8 million and higher network guarantees and credits valued at \$20.1 million. Aetna’s PPO and EPO administrative fees are lower than the levels applicable for the 2025 plan year in the current contract. The 2028 plan year includes a one-time 3 percent fee escalation, while the fees for 2029 and 2030 will remain at the 2028 levels with no further increases.

## **Contract 16000-0200**

Aetna and another vendor were selected as finalists for MA plans based on technical evaluations. The financial analysis shows that Aetna's final MA cost proposal of \$59.55 million for the two years (2026–2027) is the lowest. Aetna's final cost proposal is \$18.15 million less than Aetna's initial proposal (two-year projection for MA plan) and \$198,565,000, or 76.9 percent, less than the second-lowest proposal cost estimate.

Based on the foregoing, the total not-to-exceed amount of \$7,948,300,000 for the PPO and EPO plans; and \$59.55 million for the MA plan are considered fair and reasonable.

Negotiation of commercial terms and conditions has been substantially completed except for a few remaining items that the parties are currently working to finalize. However, there does not appear to be any remaining terms and conditions to be negotiated that would impact Aetna's current price.

The contract resulting from this procurement is currently being evaluated to determine the necessity and appropriate scope, if any, of cybersecurity requirements, including any requirements under federal, state, and local law and regulations. The MTA will be working with Aetna to include applicable cybersecurity requirements prior to issuance of the notice of award.

## **M/W/DBE Information**

The MTA Department of Diversity and Civil Rights ("DDCR") has established zero percent MWBE/SDVOB goals on this contract because the participant data and benefit contract provisions are considered highly sensitive and confidential in nature. Subcontracting to third parties would increase the risk and exposure of confidential information.

## **Impact on Funding**

These contracts are funded by NYC Transit's operating budget and will not exceed the limits approved by the Board.

## **Alternatives**

Perform all services in-house. This alternative is not feasible and will result in additional costs. The MTA and its agencies do not have the resources or the trained personnel to perform these services and does not have the market power that Aetna has to achieve substantial savings and discounts.

<b>Item Number: 3</b>				<b>SUMMARY INFORMATION</b>	
<b>Department, Department Head Name:</b> MTA IT, Rafail Portnoy				<b>Vendor Name</b> IBM Corporation	<b>Contract No.</b> 900000000005083
				<b>Description</b> UKG Kronos System Day-to-Day Managed Support Services	
<b>Internal Approvals</b>				<b>Total Amount:</b> \$7,854,856 estimated	
<b>Order</b>	<b>Approval</b>	<b>Order</b>	<b>Approval</b>	<b>Contract Term (including Options, if any)</b> Three Years plus two 1-year Options	
1	Procurement	6	CFO	<b>Option(s) included in Total Amount?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	
2	IT			<b>Renewal?</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
3	Security			<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive	
4	DDCR			<b>Solicitation Type</b> <input checked="" type="checkbox"/> RFP <input type="checkbox"/> Bid <input type="checkbox"/> Other:	
5	Legal			<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:	

## Purpose:

MTA Headquarters is seeking Board approval to award a competitively negotiated personal service contract to IBM Corporation (“IBM”) in the estimated amount of \$7,854,856 to provide day-to-day maintenance and technical support services for MTA’s existing UKG Workforce Central system and for the new upgraded Kronos Pro Workforce Management system (formerly called Dimensions) when it becomes live at the end of year 2025. Managed Support Services are required over a three-year period with two 1-year renewal options to be exercised at the discretion of the MTA. The Board is also requested to authorize the MTA Deputy Chief Procurement Officer to approve the exercise of the two 1-year options, pending availability of funding.

## Discussion:

Since 2018, the MTA has been utilizing UKG’s Workforce Central (“WFC”) software platform for recording, tracking, and managing time and attendance. On October 20, 2022, UKG (formerly known as Kronos, Inc.) announced that the WFC platform was reaching the end of its useful life, and as of December 31, 2025, it will no longer license and support the platform. Effective January 1, 2026, UKG will only support and maintain the new upgraded version, Pro Workforce Management (“ProWFM”), a platform designed to streamline timekeeping processes, improve accuracy in payroll, and enhance overall workforce productivity. This resulted in a need for consulting services to assist the MTA with planning, design testing, and implementation necessary for the MTA to migrate WFC to the ProWFM timekeeping platform. In January 2024, the MTA awarded a contract to migrate and upgrade MTA’s WFC platform to the new ProWFM version. The first phase of this upgrade project is now approaching substantial completion. In anticipation of the new system going live in December 2025, it is now imperative to retain managed support services to assist employees with this transition from the old system to the new version. Accepted

Additionally, the MTA has undertaken a Timekeeping Modernization initiative across the organization to modernize its time-and-attendance systems and processes. The updates affect all MTA personnel, encompassing both represented and unrepresented groups, and modify the MTA’s timekeeping information capture process. While various timekeeping systems are used across MTA agencies, the upgrade of Kronos Workforce Central (“Workforce Central”) to ProWFM is at the forefront of the Timekeeping Modernization initiative.

In June 2025, a Request for Proposals (“RFP”) was issued to retain a consulting firm to perform UKG managed support services. Proposals were received from seven firms: (1) IBM, (2) Accenture, (3) Align HCM, (4) Delaero, (5) Ernst & Young (“EY”), (6) Improvisations, and (7) UKG. A Selection Committee (“SC”), consisting of the MTA Deputy Chief Technology Officer, MTA Director of Timekeeping/Payroll, and Deputy Chief of Financial Operations, was established to review the proposals. The selection criteria, as set forth in the RFP, included Technical Proposal Evaluation, Proposer’s Experience, Past Performance, and Pricing.

Of the seven firms, Accenture, IBM, UKG, and EY were shortlisted and invited for oral presentations. Following a comprehensive series of discussions, evaluations, and scoring of the vendors' capabilities, the SC unanimously determined that IBM was the most technically qualified to perform the work required to fully support the MTA during this migration from the old timekeeping system to the new modernized platform. IBM successfully demonstrated significant knowledge of the MTA systems and known and anticipated support needs. IBM displayed a willingness to adjust to situational changes and the operational/business needs of the MTA. The technical knowledge of the IBM project team was successfully exhibited by providing examples of solutions to relevant industry problems.

The estimated total contract value of \$7,854,856 covers the base three-year period totaling \$5,080,849 and the two optional years totaling \$2,774,007. IBM's negotiated all-inclusive hourly rates are 22 percent to 88 percent below the other shortlisted vendors. IBM's rates ranging from \$40.65/hour for a technical writer to \$70.21/hour for a support engineer are up to 52 percent below the current market rates provided by other IT consulting service contractors. The Cost/Price Analysis Unit, Procurement, and the IT Department found IBM's rates to be generally below industry averages, which are deemed fair and reasonable, offering a cost-effective solution without sacrificing quality.

The cost breakdown is as follows:

	<b>STANDARD BUSINESS HOURS (M-F 8:00AM-5:00PM)</b>	<b>AS-NEEDED SUPPORT OUTSIDE BUSINESS HOURS AND WEEKENDS (Estimated 120 Incidents per Year)</b>
Year 1	\$1,489,529.60	\$204,086.76
Year 2	\$1,489,529.60	\$204,086.76
Year 3	\$1,489,529.60	\$204,086.76
Option Year 1	\$1,182,916.80	\$204,086.76
Option Year 2	\$1,182,916.80	\$204,086.76
<b>Sub-Total</b>	<b>\$6,834,422.40</b>	<b>\$1,020,433.80</b>
	<b>Contract Total</b>	<b>\$7,854,856.20</b>

Under this contract, IBM will perform full managed services which include staff augmentation to bolster MTA's internal support for each agency before, during, and after system go-live; provide day-to-day operational support services, perform troubleshooting and technical assistance for system users and address issues arising from regular business operations; train user groups on the new system functions; facilitate deployment and adoption of new changes to the system.

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

The contracts have been evaluated to determine the necessity and appropriate scope, if any, of cybersecurity terms and conditions and requirements, including any under federal, state, and local law and regulations. The Authority is working with IBM to include applicable cybersecurity terms and conditions and requirements in the contracts prior to being awarded.

## **D/M/WBE Information**

The MTA Department of Diversity and Civil Rights (DDCR) has established no MBE, WBE, or SDVOB goals due to the lack of certified firms in the marketplace with required experience and expertise with UKG Dimensions and timekeeping best practices for these retainer contracts

## **Impact on Funding**

The total cost of this contract will be funded by the MTA IT Capital Operating budget for the Kronos Upgrade Program.

## **Alternatives**

1. **Perform services in-house.** This alternative is not feasible since MTA has neither the bandwidth nor the experience in UKG system implementation and integration to provide the proper support needed.
2. **Do not approve the award.** This would place the MTA without day-to-day support for the timekeeping system when WFC is sunset by December 31, 2025, which will result in disruptions to resource management, financial operations, and employee payment. This alternative is not advisable.

**Item Number: 4**

<b>Vendor Name (Location)</b> Cubic Transportation Systems (San Diego, California)
<b>Description:</b> Procurement of OMNY EU/LU Media
<b>Contract Term (including Options, if any)</b> Contract Term: November 1, 2017–July 31, 2030 Optional Service Extensions: August 2030–July 2040
<b>Option(s) included in Total Amount?</b> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> n/a
<b>Procurement Type</b> <input checked="" type="checkbox"/> Competitive <input type="checkbox"/> Noncompetitive
<b>Solicitation Type</b> <input type="checkbox"/> RFP <input type="checkbox"/> Bid <input checked="" type="checkbox"/> Other: Modification
<b>Funding Source</b> <input checked="" type="checkbox"/> Operating <input type="checkbox"/> Capital <input type="checkbox"/> Federal <input type="checkbox"/> Other:
<b>Requesting Department</b> Delivery/Mark Roche, Deputy Chief Development Officer

<b>Contract Number</b> A-34024	<b>NOPCO #</b> 51
<b>Original Amount:</b>	\$ 553,827,839
<b>Prior Modifications:</b>	\$ 63,061,466
<b>Prior Budgetary Increases:</b>	\$ 0
<b>Current Amount:</b>	\$ 616,889,305
<b>This Request:</b>	\$ 17,987,224
<b>% of This Request to Current Amount:</b>	2.9%
<b>% of Modifications (including This Request) to Original Amount:</b>	15%

**Discussion:**

Contract A-34024 (the “NFPS Contract”), awarded to Cubic Transportation Systems (“Cubic”) provides NYC Transit and the MTA Bus Company (“MTAB”) with a New Fare Payment System. MTA Construction and Development (“C&D”) on behalf of NYC Transit, requests Board approval of a contract modification to procure additional One Metro New York (“OMNY”) media required to support the growth in use of the MTA’s tap-and-ride system including: (1) continued operations including Reduced-Fare operations, Paratransit operations, in-station operations (vending machines and customer service centers), mobile van operations and institutional operations such as NYC’s Fair Fares program; and (2) issuance of media to customer groups ranging from first responders to paratransit customers to students for the following school year.

There are three types of OMNY Media: Extended-Use (“EU”) media (i.e., the OMNY card); Limited-Use (“LU”) media, which comes in a FanFold form (for Single Ride Tickets); and a Die-Cut form (such as those used for NYC students). This request is for the procurement of (1) 7,402,000 EU Media; (2) 10,540,000 LU FanFold (LU-F) Media; and (3) 6,509,800 LU Die-Cut (“LU-S”) Media, representing the quantities required for 2026.

This procurement will fulfill media inventory needs in 2026 for several programs, including OMNY Vending Machine replenishment that supports in-station operations, Customer ServicePoint of Sale device replenishment that supports Reduced Fare, Paratransit and Full Fare operations, student pass issuance for the 2026–2027 NYC Department of Education school year, B2B Orders made by pre-tax transit benefit providers, Fair Fares program, CUNY program and other institutions, and new pass issuance (e.g., for first responders). The NFPS Contract permits the MTA to procure additional quantities of EU Media and LU Media at already-negotiated unit pricing.

Cubic submitted its proposal in the amount of \$17,987,244, covering the procurement and delivery of EU Media, LU-F Media, and LU-S Media. As the pricing was pre-established in the NFPS Contract, and Cubic’s proposal was based entirely on the preset pricing with no changes to any terms or conditions, no negotiations were required. The costs were determined to be fair and reasonable in accordance with the contract.

Media inventory needs for subsequent year(s) will be determined after MetroCard sales end December 31, 2025, and OMNY media usage is reviewed between now and early 2026.