

# EMPLOYEE BENEFITS RFP AWARD RECOMMENDATIONS

GGAF

AUGUST 25, 2021

# AGENDA

- RFP AWARDS/EMPLOYEE HEALTH BENEFITS
  - RFP PROCESS
  - RFP AWARDS — RECOMMENDATION

# REQUEST FOR PROPOSALS

- MEDICAL PLAN ADMINISTRATOR
- PHARMACY BENEFIT MANAGEMENT (PBM)
- SUPPLEMENTAL LIFE INSURANCE AND ACCIDENTAL DEATH & DISMEMBERMENT
- BASIC LIFE – 25K & 50K\*

\*Benefit Program Exploration

# RFP PRODUCTS

| Self Insured                 | Paid by                   | # of bids |
|------------------------------|---------------------------|-----------|
| Medical/PBM TPA              | Employer/Employee/Retiree | 5         |
| Pharmacy Benefits Management | Employer/Employee/Retiree | 6         |
| Fully Insured                | Paid by                   | # of bids |
| Vision                       | Employee                  | 10        |
| Life Insurance, AD&D         | Employee                  | 5         |
| City Provided Benefits       | Paid by                   | # of bids |
| Basic Life 25K & 50K*        | Employee                  | 4         |

\* Exploring new benefit option

# RFP TIMELINE & PROCESS

## 2021

- MAY 10<sup>TH</sup> – RFP POSTED TO PUBLIC MARKET
- JUNE 28<sup>TH</sup> – PROPOSALS DUE
- AUGUST 11<sup>TH</sup> – BEST AND FINALS RECEIVED
- AUGUST 25<sup>TH</sup> – BENEFIT COMMITTEE RECOMMENDATIONS FORWARDED TO GGAF
- SEPTEMBER 14<sup>TH</sup> – RECOMMENDATIONS TO COUNCIL
- OCTOBER 21<sup>ST</sup> – OPEN ENROLLMENT BEGINS

## 2022

- JANUARY 1<sup>ST</sup> – NEW PLAN YEAR BEGINS

# RFP COMMITTEE

## VOTING MEMBERS

- DANIEL BILBREY – BENEFITS COMMITTEE/FIRE
- BERT WITCHER – BENEFITS COMMITTEE/POLICE
- TADD PHILLIPS – HUMAN RESOURCES
- LAURA MALOY – HUMAN RESOURCES
- CELINA MORALES – HUMAN RESOURCES
- HOLLY MOYER – HUMAN RESOURCES

## ADVISORS

- NICOLE ABREGO – PURCHASING
- CITY LEGAL DEPARTMENT
- HUB INTERNATIONAL – BENEFITS CONSULTANT

# RFP SCORING CRITERIA

- COST PROPOSAL 40%
- PLAN DESIGN/INNOVATION SOLUTIONS 25%
- INTEGRATED SYSTEMS/TECHNOLOGY INITIATIVE 20%
- CUSTOMER SERVICE/ CLAIMS PROCESSING 10%
- ENROLLMENT/COMMUNICATION MATERIALS 5%

# RFP RECOMMENDATIONS

## MAINTAIN CURRENT VENDORS

Medical & RX Administration

- United Healthcare

Vision

- United Healthcare

Supplemental Life Insurance & Accidental  
Death and Dismemberment

- MetLife



# ANNUAL FINANCIAL COST - EMPLOYER

| COST     | MEDICAL & RX | VISION<br>MONTHLY RATE           | SUPPLEMENT LIFE<br>INSURANCE & AD& D |
|----------|--------------|----------------------------------|--------------------------------------|
| EMPLOYER | 85%          |                                  |                                      |
| EMPLOYEE | 15%          |                                  |                                      |
| EMPLOYEE |              | 5% INCREASE<br>(\$0.28 – \$0.78) |                                      |
| EMPLOYEE |              |                                  | NO RATE INCREASE                     |

# CURRENT VS. RECOMMENDED

| MEDICAL & RX PLAN |                   |
|-------------------|-------------------|
| CURRENT           | RECOMMENDED       |
| UNITED HEALTHCARE | UNITED HEALTHCARE |

- MAINTAINS CURRENT PROVIDER NETWORK & NO DISRUPTION OF SERVICE
- 3 YR FIXED FEES GUARANTEES
  - REDUCED ADMINISTRATIVE FEES
    - ESTIMATED SAVINGS \$16,000 FY22
  - INCREASED RX FIX REBATE FEE\*
    - ESTIMATED SAVINGS \$248,000 ANNUALLY

# CURRENT VS. RECOMMENDED

| MEDICAL PLAN - CONTINUED |                 |                  |
|--------------------------|-----------------|------------------|
| RFP – ANNUAL CREDITS     | PRIOR           | RESULTS          |
| WELLNESS                 | \$20,000        | \$100,000        |
| COMMUNICATION            | \$10,000        | \$25,000         |
| MEDICAL AUDIT            | \$0.00          | \$30,000         |
| PHARMACY AUDIT           | \$0.00          | \$20,000         |
| <b>ANNUAL AMOUNT</b>     | <b>\$30,000</b> | <b>\$175,000</b> |
| 1X DISCRETIONARY         | \$0.00          | \$50,000         |

# RFP CLAIMS REPRICING EXERCISE

## REPRICING OF 2020 CLAIMS BY VENDORS

- REVIEW OF CLAIMS
  - METHODOLOGY — BASED UPON THE CONTRACTED RATES/DISCOUNTS WITH PROVIDERS
- DIFFERENCE BETWEEN 2020 ACTUAL CLAIMS & REPRICING OF 2020 CLAIMS WITH CURRENT CONTRACTS
- REPRICING EXERCISE SHOWS UP TO 500K IN SAVINGS
  - NOTE: SAVINGS IS BASED UPON CLAIMS EXPERIENCE EACH YEAR

# CURRENT VS. RECOMMENDED

| VISION               |                      |
|----------------------|----------------------|
| CURRENT              | RECOMMENDED          |
| UNITED HEALTHCARE    | UNITED HEALTHCARE    |
| EMPLOYER COST – NONE | EMPLOYER COST – NONE |

- EMPLOYEE OPTION AND PAYS 100% PREMIUM
- 5% INCREASE TO MONTHLY RATES
  - RANGE: \$0.28-\$0.78
- 3 YR RATE GUARANTEE
- MAINTAINS CURRENT PROVIDER NETWORK & NO DISRUPTION OF SERVICE

# CURRENT VS. RECOMMENDED

| LIFE INSURANCE AND AD&D |                      |
|-------------------------|----------------------|
| CURRENT                 | RECOMMENDED          |
| METLIFE                 | METLIFE              |
| EMPLOYER COST - NONE    | EMPLOYER COST - NONE |

- 2 YEAR RATE GUARANTEE FOR A TOTAL OF 5 YEARS AT THE SAME RATE
- LONG STANDING RELATIONSHIP WITH CURRENT VENDOR (2018)
- OPEN ENROLLMENT – UNIQUE TO METLIFE
  - EMPLOYEES NOT CURRENTLY COVERED MAY ELECT UP TO 100K WITHOUT STATEMENT OF HEALTH

# GGAF ACTIONS

- CONSIDERATION AND POSSIBLE ACTION TO AWARD CONTRACTS FOR MEDICAL & PHARMACY BENEFIT MANAGEMENT COMBINED, VISION, SUPPLEMENTAL LIFE AND AD&D SERVICES, AND AUTHORIZING THE CITY MANAGER TO ENTER SUCH CONTRACTS ON BEHALF OF THE CITY.
- STAFF RECOMMENDS GGAF APPROVAL TO FORWARD TO COUNCIL OF THE FOLLOWING:
  - UNITED HEALTHCARE MEDICAL & RX ADMINISTRATION
  - UNITED HEALTHCARE FOR VISION INSURANCE
  - METLIFE FOR SUPPLEMENTAL LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE

# QUESTIONS?