



Board Agenda Item 40

DATE: February 25, 2020

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, Director of Human Resources

SUBJECT: Agreement with ReliaStar Life Insurance Company to offer Accident, Critical Illness, and Hospital Indemnity insurance to County of Fresno Employees

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an Agreement with ReliaStar Life Insurance Company to provide optional employee-paid Accident, Critical Illness, and Hospital Indemnity insurance coverage to County of Fresno employees, effective May 1, 2020, not to exceed three (3) consecutive years.

Approval of the recommended action will allow ReliaStar Life Insurance Company (ReliaStar) to provide optional, employee-paid Accident, Critical Illness, and Hospital Indemnity insurance to County employees. There is no net County cost associated with this item, as all policies are optional and paid by the employee. This item is Countywide.

ALTERNATIVE ACTION(S):

Your Board may reject staff's recommendation and select a different bidder.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

On April 23, 2019, your Board made a finding that it was in the best interest of the County to waive the competitive bidding process consistent with Administrative Policy No. 34 under the "unusual or extraordinary circumstances" exception for the solicitation of ancillary benefits plan proposals for Plan Year 2020. This allowed the County the flexibility needed to negotiate directly with insurance providers and maximize cost effective alternatives that best meet the needs of County employees and their dependents.

FISCAL IMPACT:

There is no net County cost associated with this item. Premiums are paid by participating employees. As the policies associated with this item are self-administered, the County will not receive an invoice from ReliaStar, but instead will remit employees' premium deductions directly to ReliaStar.

DISCUSSION:

The County of Fresno currently sponsors optional, employee-paid ancillary insurance products to employees through Trustmark, but there are currently no accident or hospital indemnity insurance options available. The proposed coverage is intended to replace coverage through Trustmark. Upon your Board's approval of this item, employees will be notified that the Trustmark policies will stop being deducted from

paychecks and that Trustmark will allow participants to set up direct billing in order to continue coverage.

To ensure that the County's coverage levels and cost are competitive, at the April 23, 2019 meeting, your Board authorized the Director of Human Resources to solicit bids for ancillary insurance coverage. Human Resources, with the assistance of its health and benefits consultant, Keenan & Associates, released an RFP seeking bids from qualified insurance carriers for employee-paid Accident, Critical Illness, and Hospital Indemnity insurance.

Seven (7) carriers responded to the RFP: AFLAC, American Fidelity, CIGNA, Colonial Life, MetLife, United Healthcare, and ReliaStar. Keenan & Associates, the County's Health and Benefits consultant, reviewed the bids and recommended three (3) finalists: AFLAC, United Healthcare, and ReliaStar. The Health Benefits Advisory Committee (HBAC), which consists of representatives from each of the County's employee bargaining units, directed its Voluntary Benefits Subcommittee to interview the finalists. The Subcommittee recommend ReliaStar as the new provider to the full HBAC. The full HBAC agreed with this recommendation for the following reasons:

- ReliaStar had the strongest service team; and
- They offered the most generous benefit package of all bidders.

Staff would like to note that Section 10 (Hold Harmless) of the Agreement includes indemnification language that is different from the County's standard language. Since the County will be responsible for maintaining accurate records on behalf of the benefit participants, ReliaStar requested that Section 10 clarify that the County will not require indemnification in the event of an error or omission that the County "caused or significantly contributed to."

OTHER REVIEWING AGENCIES:

The Health Benefits Advisory Committee reviewed the responses and is recommending approval of the recommended action.

REFERENCE MATERIAL:

BAI #39, April 23, 2019 - Solicitation of Health and Ancillary Benefits Plan Proposals for Plan Year 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with ReliaStar Life Insurance Company

CAO ANALYST:

Debbie Paolinelli