



Board Agenda Item 39

DATE: April 13, 2021

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Interim Director of Human Resources

SUBJECT: Solicitation of Health and Ancillary Benefits Plan Proposals for Plan Year 2022

RECOMMENDED ACTION(S):

- 1. Make a finding that it is in the best interest of the County to waive the competitive bidding process consistent with Administrative Policy No. 34 for unusual or extraordinary circumstances for the solicitation of health and ancillary/voluntary benefits plan proposals for Plan Year 2022; and**
- 2. Authorize the Director of Human Resources to solicit competitive bids for health and ancillary/voluntary benefit plans and directly negotiate agreements with vendors to provide health and ancillary/voluntary benefits to active and retired County employees and their dependents for Plan Year 2022.**

There is no increase in Net County Cost associated with the recommended actions. Approval of the recommended actions will waive the customary purchasing process, allow the Director of Human Resources to begin the process of soliciting health and ancillary/voluntary benefits plan proposals as necessary for Plan Year 2022 under various scenarios and negotiate agreements with vendors for your Board's consideration. This item is countywide.

ALTERNATIVE ACTION(S):

The alternative to the recommended actions would be to solicit health and ancillary/voluntary benefit plan proposals using the County's standard instructions and conditions for Requests for Proposals (RFP); however, the process would not allow the flexibility required for maximum leverage in negotiating directly with health and ancillary/voluntary benefit vendors.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Department's request to suspend the competitive bidding process consistent with Administrative Policy No. 34 will allow the Director the flexibility needed to negotiate directly with health insurance and ancillary/voluntary benefits providers as necessary and maximize cost effective options that best meet the needs of the County, its active and retired employees, and their dependents. The increased flexibility will give the Director maximum leverage in negotiating the highest quality and most cost-effective health insurance and ancillary/voluntary benefit options. The Internal Services Department - Purchasing Division concurs with the request to waive the customary purchasing process.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. The County contributes a fixed amount toward active employees' health insurance premiums subject to meeting and conferring with

represented bargaining units. Retiree health insurance premiums are paid entirely by the participating retirees.

Ancillary benefits refer to County-paid benefits. The County pays for Basic Life Insurance for all participants in the County-sponsored health insurance program (\$0.35 per employee per pay period), Management Life Insurance (\$1.79 per employee per pay period) and Senior Management Life Insurance (\$8.77 per employee per pay period). Based on current enrollment, the annual cost is approximately \$55,000 for Basic Life Insurance, \$15,000 for Management Life Insurance and \$75,000 for Senior Management Life Insurance. In addition, the County pays for Employee Assistance Program (“EAP”) services for all active employees and their household members (\$0.65 per employee per pay period). Based on current enrollment, the annual cost is approximately \$124,000. These costs will be included in the FY 2021-22 recommended budget request.

County-sponsored voluntary benefits refers to employee-paid benefits. Such benefits include supplemental life insurance and personal property insurance, which are paid for by County employees through paycheck deduction.

Consistent with the County's benefit consultant agreement (No. 16-433) with Keenan & Associates (Keenan) approved by your Board on July 12, 2016, Keenan was also selected to provide ancillary/voluntary benefit consultation services. Commissions from voluntary benefits may offset their annual consulting fee, which is currently \$62,500. Agreement No. 16-433 provides for reductions in consulting fees once voluntary benefit commissions exceed \$10,000 annually.

DISCUSSION:

Health Benefits

The County provides health benefit coverage for County employees, retirees and their dependents. As in prior years, the Board's approval of the recommended actions will allow the Director the ability and flexibility to negotiate directly with vendors as necessary. While this process is not under the supervision of the Purchasing Manager, much of the process is based on the formal RFP process.

With the assistance of the County's Employee Benefits Consultant, an RFP is created and distributed to a list of qualified health benefit providers compiled by the consultant. The Human Resources staff and the Employee Benefits Consultant then review and rank each bid. The Director negotiates directly with the most qualified bidder to secure the highest quality and most cost-effective health insurance options.

The County currently purchases health benefits for its active employees and their dependents through the San Joaquin Valley Insurance Authority (SJVIA), which was created by the counties of Fresno and Tulare to provide health, dental, vision and prescription insurance for both counties. It should be noted that the SJVIA went out to bid separately for health plans, including dental, vision and prescription services, and selected Anthem Blue Cross and Kaiser (Active Employees & Pre-65 Retirees), Delta Dental, Vision Service Plan (VSP) and EmpiRx. As agreements with these vendors expire, the SJVIA will go out to bid in order to obtain the most cost-effective health insurance options for SJVIA member entities. While the County has accessed health benefits for its active employees through the SJVIA since 2010, Recommended Action No. 1 provides the flexibility to negotiate fully insured health insurance alternatives outside the SJVIA should it be more beneficial to the County.

Since the County retiree Medicare plans are not part of the SJVIA, the Director intends to solicit bids for those plans. Therefore, the recommended actions apply to the expiring health benefit contracts for retirees and their dependents, which were approved by your Board on December 15, 2020. The retiree plans are listed below; all agreements expire December 31, 2021.

- Kaiser Senior Advantage (Health Insurance for Retirees)
- Retiree First (Medicare Supplement Insurance for Retirees)

Ancillary Benefits

In addition to health benefit coverage, the County currently offers a variety of ancillary/voluntary benefits, including life, disability, auto and homeowner's insurance, as well as EAP services to employees. This process will primarily focus on soliciting bids for Basic and Supplemental Life Insurance, EAP services, and Auto & Homeowner Insurance, and Pet Insurance. It should be noted that staff, with the assistance of Keenan, was able to negotiate a decrease in the County cost of the EAP by bundling Life Insurance and EAP services, pursuant to Agreement No. 18-708-1, approved by your Board on December 15, 2020. Staff is hoping to secure similar savings by continuing to bundle Life Insurance and EAP services through this process.

In order to achieve the most competitive pricing, the County will solicit proposals for health and ancillary/voluntary benefits for Plan Year 2022. As stated in the Fiscal Impact section of this Item, Keenan was also selected to provide ancillary/voluntary benefit consultation services. The solicitation of ancillary/voluntary benefits along with health benefits plan proposals is the next step in the process.

REFERENCE MATERIAL:

- BAI #62, December 15, 2020
- BAI #59, December 15, 2020
- BAI #32, April 28, 2020
- BAI #38, July 12, 2016
- BAI #9, October 6, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with the Clerk - Suspension of Competition Acquisition Request

CAO ANALYST:

Yussel Zalapa