



# Board Agenda Item 31

DATE: May 6, 2025

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Director of Human Resources

SUBJECT: Solicitation of Health and Ancillary Benefits Plan Proposals for Plan Year 2026

RECOMMENDED ACTION(S):

- 1. Under Administrative Policy No. 34 for competitive bids or requests for proposals (AP 34) determine that an exception of the competitive bidding requirement under AP 34 is satisfied and a suspension of competition is warranted due to unusual or extraordinary circumstances for the solicitation of health and ancillary/voluntary benefits plan proposals for Plan Year 2026; and**
- 2. Authorize the Director of Human Resources to solicit competitive bids and directly negotiate agreements with vendors to provide health insurance and ancillary/voluntary benefits to active and retired County employees and their dependents for Plan Year 2026.**

There is no increase in Net County Cost associated with the recommended actions. Approval of the recommended actions will waive the customary purchasing process, allowing staff to work with the County's health and benefits consultant, HUB International Insurance Services, Inc. ("HUB International"), to develop and administer RFP processes for the health insurance and ancillary/voluntary benefits described in Sections 1, 2, and 3 of this report.

In addition, the recommended actions will allow staff and HUB International to negotiate services and fees with prospective vendors, as the formal purchasing rules require final bids to be submitted without modifications. At the close of the RFP process(es), the Director of Human Resources will bring additional item(s) to the Board of Supervisors to present details on the RFP process(es) and request approval of service agreements related to health insurance and ancillary/voluntary benefits. 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:

It is requested that the County find under AP No. 34 that an exception to the competitive bidding requirement is satisfied and a suspension of competition is warranted due to unusual or extraordinary circumstances as this 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 concurs with the Department's assessment that this satisfies the exception to the competitive bidding process required by AP 34.

#### 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. Appropriations and related projected revenue will be included in the Risk Management Org 8925 FY 2025-26 Proposed Budget for pass-through health insurance premiums of County employees, retirees, and dependent coverage.

Ancillary benefits are not related to health insurance but are paid by the County. The costs associated with the ancillary benefits below will be included in the appropriations of the impacted departments' FY 2025-26 budgets in a future budget request. Ancillary benefits include:

- Basic Life Insurance
- Accidental Death & Dismemberment (AD&D) Insurance
- Employee Assistance Program (EAP)
- Management Long-term Disability Insurance
- Flexible Spending Accounts (FSA)
- Health Savings Accounts (HSA)

County-sponsored voluntary benefits refer to employee-paid benefits. Voluntary benefits include:

- Supplemental Life Insurance
- Supplemental Health Insurance (Accident, Critical Illness, and Hospital Confinement Insurance)

#### DISCUSSION:

##### 1. Health Benefits

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. The SJVIA went out to bid separately for health plans, including dental, vision and prescription services for active employees & pre-65 retirees for the 2025 plan year, and selected Anthem Blue Cross and Kaiser (medical insurance), Delta Dental (dental insurance), Vision Service Plan (vision insurance) and EmpiRx (prescription drug coverage). 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, the recommended actions provide the flexibility to negotiate fully insured health insurance alternatives outside the SJVIA should it be more beneficial to the County.

Medicare plans for County retirees are not part of the SJVIA. Therefore, the County must select vendors to provide such services to Medicare-eligible retirees. The recommended actions will allow staff to solicit bids for Medicare plans for the 2026 plan year. There are two (2) plans currently in place, Kaiser Senior Advantage and Retiree First.

- Kaiser Senior Advantage. On December 17, 2024, the Board of Supervisors approved Agreement No. 24-672 with Kaiser Permanente to provide group medical services for County of Fresno retirees.

This agreement expires December 31, 2025. Staff will solicit bids for this plan for plan year 2026.

- Retiree First. On December 17, 2024, the Board of Supervisors approved Agreement No. 24-675 with Retiree First to provide management and administrative services relating to health benefits for County of Fresno retirees. This agreement expires December 31, 2025. Staff will solicit bids for this plan for plan year 2026.

## 2. Currently contracted Ancillary and Voluntary Benefits

The County offers a variety of ancillary and voluntary benefits, including life insurance, supplemental health insurance (Accident, Critical Illness, and Hospital Confinement Insurance), long-term disability insurance, flexible spending accounts, health savings accounts, and EAP services to employees. Approval of the recommended actions will allow staff to go out to bid for the currently contracted services described below.

### Basic Life, AD&D, and Supplemental Life Insurance, and EAP Services - Agreement No. 24-668

On December 17, 2024, the Board of Supervisors approved Agreement No. 24-668 with ReliaStar Life Insurance Company ("ReliaStar") to provide basic life, AD&D, and supplemental life insurance, as well as EAP services, to County employees and their families. The agreement expires on December 31, 2026, but may be extended for no more than three (3) one-year periods, through and including December 31, 2029.

- Basic life insurance refers to the following County-paid life insurance policies:
  - \$10,000 in coverage for all employees occupying permanently allocated positions;
  - \$61,000 in coverage for all Management employees; and
  - \$260,000 in coverage for all Senior Management employees.
- AD&D insurance refers to a benefit paid to someone who is dismembered or dies as the result of an accidental injury.
- Supplemental life insurance refers to optional life insurance coverage for themselves, their spouses, and/or their children, which employees may purchase through paycheck deduction.
- EAP services help employees and their families identify, assess, and resolve issues that may be affecting their personal lives and/or job performance. Services include up to three (3) counseling sessions per issue, per six-month period, legal assistance, financial counseling, and work/life services. Voya Financial ("Voya"), the parent company of ReliaStar, has a partnership with EAP provider ComPsych, whereby Voya's clients, such as the County, may utilize such services at a discounted rate.

### Supplemental Health Insurance - Agreement No. 24-669

On December 17, 2024, the Board of Supervisors approved Agreement No. 24-669 with ReliaStar to provide Accident, Critical Illness, and Hospital Confinement Indemnity insurance, collectively referred to as "Supplemental Health Insurance". The agreement expires December 31, 2027, but may be extended for no more than two (2) one-year periods, through and including December 31, 2029.

- Accident Insurance pays benefits for specific, covered accidents and injuries.
- Critical Illness Insurance pays a lump-sum benefit if someone is diagnosed with a covered illness or condition.
- Hospital Indemnity Insurance pays a daily benefit if someone has a covered stay in a hospital, critical

care unit, or rehabilitation facility.

#### Flexible Spending Accounts and Health Savings Accounts - Agreement No. 22-568

On December 13, 2022, the Board of Supervisors approved Agreement No. 22-568 with Navia Benefit Solutions, Inc. (hereafter, "Navia") to provide administrative services such as account record-keeping, claim adjudication, and claim reimbursement for the County's FSA and HSA programs. The agreement expires on December 31, 2025, but may be extended for no more than two (2) one-year periods, through and including December 31, 2027.

- FSAs and HSAs enable employees to use pretax dollars to pay expenses such as unreimbursed medical care expenses, dependent daycare services, and work-related parking and commuting expenses. FSA and HSA contributions reduce the base upon which an employee's Social Security, Medicare, and Federal and State taxes are calculated, thereby reducing the amount of taxes paid by both the employee and the County.

#### Management Long-term Disability Insurance - Agreement No. 21-084

On March 23, 2021, the Board of Supervisors approved Agreement No. 21-084 with Standard Insurance Company to provide Long-Term Disability Insurance benefits to unrepresented management employees. The agreement expires on March 31, 2026. Staff will solicit bids for this benefit for plan year 2026.

- Long-term disability insurance provides partial wage replacement for employees who are unable to work for at least (1) year.

#### 3. Potential Ancillary and Voluntary Benefits

In addition to the ancillary and voluntary benefits currently offered by the County, approval of the recommended actions will allow staff to go out to bid for the potential benefits and services described below.

#### Short-term Disability Insurance

- Short-term disability insurance provides wage replacement for a limited period if an employee becomes unable to work due to a non-work-related illness or injury.

#### Long-term Care Insurance

- Long-term care insurance is a type of insurance that helps cover the costs of care for chronic conditions or disabilities that require ongoing assistance with daily activities, like bathing, dressing, or eating.

#### 4. Solicitation of Bids

Your Board's approval of the recommended actions will allow staff to work with the County's health and benefits consultant, HUB International Insurance Services, Inc. ("HUB International"), to develop and administer RFP processes for the health insurance and ancillary/voluntary benefits described above.

On June 22, 2021, the Board of Supervisors approved Agreement No. 21-217 with HUB International to provide such services related to health insurance and ancillary/voluntary RFP processes. HUB International has expertise in the field of employee benefits and will develop RFPs with input from staff, solicit bids, negotiate with vendors, and make recommendations to the Director of Human Resources regarding the winning bidder(s).

5. Staff Next Steps

The Director of Human Resources will bring additional item(s) to the Board of Supervisors to present details on the RFP process(es) and request approval of benefit agreements regarding the benefits described above.

REFERENCE MATERIAL:

BAI #43, December 17, 2024

BAI #44, December 17, 2024

BAI #46, December 17, 2024

BAI #41, April 9, 2024

BAI #44, June 22, 2021

BAI #36, March 23, 2021

BAI #9, October 6, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request

CAO ANALYST:

Paige Benavides