



Board Agenda Item 41

DATE: April 9, 2024

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Director of Human Resources

SUBJECT: Solicitation of Health and Ancillary Benefits Plan Proposals for Plan Year 2025

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 2025; 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 2025.**

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 2025 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:

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 2024-25 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 2024-25 budgets in a future budget request. Ancillary benefits include:

- Basic Life Insurance
- Employee Assistance Program (EAP)
- Management Long-term Disability Insurance
- Flexible Spending Accounts
- Health Savings Accounts

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 2024 plan year, and selected Anthem Blue Cross and Kaiser (health 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 2025 plan year. There are two (2) plans currently in place, Kaiser Senior Advantage and Retiree First.

- **Kaiser Senior Advantage.** On December 12, 2023, the Board of Supervisors approved Agreement No. 23-657 with Kaiser Permanente to provide group medical services for County of Fresno retirees. This agreement expires December 31, 2024. Staff will solicit bids for this plan for plan year 2025.
- **Retiree First.** On October 22, 2019, the Board of Supervisors approved Agreement No. 19-543 with Retiree First to provide management and administrative services relating to health benefits for County of Fresno retirees. This agreement expires December 31, 2024, as we are in the final one-year extension under the agreement. Therefore, staff will solicit bids for this plan for plan year 2025.

2. Ancillary and Voluntary Benefits

In addition to health insurance coverage, the County currently 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. There are two (2) ancillary/voluntary benefits agreements that will expire or may expire on December 31, 2024:

- **Agreement No. 22-567**

On December 13, 2022, the Board of Supervisors approved Agreement No. 22-567 with ReliaStar Life Insurance Company (“ReliaStar”) to provide basic and supplemental life insurance, as well as EAP services, to County employees and their families. The agreement expires on December 31, 2024, but may be extended for an additional one-year period, through and including December 31, 2025.

However, the premium rates are not guaranteed for this extension period and may increase based on the Incurred Loss Ratio. If ReliaStar proposes a rate increase, staff will either solicit bids or bring an item to the Board of Supervisors seeking approval of the new rates. For purposes of Agreement No. 22-567, the Incurred Loss Ratio is equal to the total claims paid by ReliaStar divided by the total life insurance premiums received by ReliaStar.

Basic and Supplemental Life Insurance

Basic life insurance refers to the following County-paid life insurance policies:

- \$10,000 in coverage for all employees who participate in a County-sponsored health insurance plan;
- \$51,000 in coverage for all Management employees; and
- \$250,000 in coverage for all Senior Management employees.

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

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. 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.

- **Agreement No. 20-072**

On February 25, 2020, the Board of Supervisors approved Agreement No. 20-072 with ReliaStar to provide Accident, Critical Illness, and Hospital Confinement Indemnity insurance, collectively referred to as “Supplemental Health Insurance”. Agreement No. 20-072 was amended by the Board of Supervisors on April 25, 2023 to extend the agreement through and including April 30, 2024, with an optional eight-month extension period (through and including December 31, 2024), upon written approval of both parties. Therefore, staff will solicit bids for this plan for plan year 2025.

Supplemental Health Insurance includes the following benefits:

- **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.

3. Solicitation of Bids

As in prior years, your Board's approval of the recommended actions will provide staff with the flexibility to negotiate directly with vendors as necessary. While this process is not under the supervision of the Purchasing Manager, there will be a solicitation of competitive bids.

Pursuant to Agreement No. 21-217, approved by your Board on June 22, 2021, HUB International Insurance Services, Inc. ("HUB International"), shall assist the County in the development and administration of the RFP process for the County's health insurance and ancillary/voluntary benefits. 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 bidders.

REFERENCE MATERIAL:

BAI #32, December 12, 2023

BAI #27, April 25, 2023

BAI #40, December 13, 2022

BAI #44, June 22, 2021

BAI #40, February 25, 2020

BAI #32, October 22, 2019

BAI #9, October 6, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request

CAO ANALYST:

Salvador Espino