



County of Fresno

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Legislation Text

File #: 22-0364, **Version:** 1

DATE: May 3, 2022

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Director of Human Resources

SUBJECT: Solicitation of Health and Ancillary Benefits Plan Proposals for Plan Year 2023

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 2023; 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 2023.**

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 2023 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 the following benefits:

- **Basic Life Insurance** (applicable to all participants in the County-sponsored health insurance program). The cost is currently \$0.35 per employee per pay period, with an annual cost of approximately \$55,000.
- **Management Life Insurance.** The cost is currently \$1.79 per employee per pay period with an annual cost of approximately \$15,000.
- **Senior Management Life Insurance.** The cost is currently \$8.77 per employee per pay period with an annual cost of approximately \$75,000.
- **Employee Assistance Program (“EAP”) services** (applicable to all active employees and their household members). The cost is currently \$0.65 per employee per pay period with an annual cost of approximately \$55,000.
- **Flexible Spending Account (“FSA”) administration.** The cost is currently \$1.20 per employee per pay period with an annual cost of approximately \$55,000.

The above ancillary benefit costs will be included in the FY 2022-23 recommended budget request.

County-sponsored voluntary benefits refers to employee-paid benefits. Such benefits include supplemental life insurance, supplemental health insurance (Accident, Critical Illness, and Hospital Confinement Insurance), a new Health Savings Account option, and personal property insurance, which are all paid for by County employees through paycheck deduction.

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 and ancillary/voluntary benefits. Agreement No. 21-217 also provides that HUB International shall credit all commissions related to employee- and employer-paid benefits to the County on a quarterly basis.

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. The retiree plans are listed below; all agreements expire December 31, 2022.

- **Kaiser Senior Advantage.** On December 14, 2021, your Board approved Agreement No. 21-514 with Kaiser Permanente to provide group medical services for County of Fresno retirees.
- **Retiree First.** On October 22, 2019, your Board approved Agreement No. 19-543 with Retiree First to provide management and administrative services relating to health benefits for County of Fresno retirees.

Ancillary Benefits

In addition to health benefit coverage, the County currently offers a variety of ancillary/voluntary benefits, including life, supplemental health, long-term disability, auto and homeowner's insurance, as well as EAP services to employees. This process will primarily focus on soliciting bids for the following benefits:

- **Basic and Supplemental Life Insurance with EAP services.** On December 15, 2020, your Board approved the First Amendment to Agreement No. 18-708 to bundle EAP services with the existing life insurance services, which resulted in significant cost savings to the County. Therefore, staff is hoping to secure similar savings by continuing to bundle life insurance and EAP services through this process.

In addition, on September 21, 2021, your Board approved the Second Amendment to Agreement No. 18 708, which extended the Agreement by one year and provided for a one-year extension in the event of a rate pass for plan year 2023. As the County was not offered such a rate pass, staff must solicit bids to ensure the rates remain competitive.

- **Supplemental Health Insurance.** On February 25, 2020, your Board approved Agreement No. 20-072 with ReliaStar Life to provide Accident, Critical Illness and Hospital Confinement insurance. As this agreement expires April 30, 2023, staff will work with ReliaStar to obtain a rate pass for the 2023 and 2024 plan years; if successful, staff will bring an amendment to extend Agreement No. 20-072 accordingly. Otherwise, staff will solicit bids to ensure the rates remain competitive.
- **Flexible Spending Account Administration.** On August 22, 2017, the Board of Supervisors approved Agreement No. 17-434 with Navia Benefit Solutions, Inc. to provide administrative services for the County's flexible spending account program.
- **Health Savings Account Administration.** This would be a new benefit, which would provide County employees who have a high deductible health insurance plan the opportunity to enroll in a health savings account with the convenience of payroll deductions.
- **Auto & Homeowner Insurance.** The current benefit provider is Liberty Mutual through PRISM (formerly CSAC Excess Insurance Authority).

HUB International will assist the County in the development and administration of the RFP process for the County's health and ancillary/voluntary benefits for Plan Year 2023. 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. Therefore, utilizing HUB International for RFP administration will provide the County with expert review of the requested services while allowing the County to achieve the most competitive pricing.

REFERENCE MATERIAL:

BAI #41, December 14, 2021
BAI #35, September 21, 2021
BAI #44, June 22, 2021
BAI #39, April 13, 2021
BAI #59, December 15, 2020
BAI #32, October 22, 2019
BAI #32, August 22, 2017
BAI #9, October 6, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

Suspension of Competition Acquisition Request

CAO ANALYST:

Yussel Zalapa