



SELECTION OF BENEFITS CONSULTANT RFQ 20-13

RS-20-062

July 7, 2020

Background

- The City currently has a fully-insured health insurance platform.
- Our goal is to transition to a self-funded employee insurance platform.
- This selection process was an effort to select a qualified, innovative benefits consultant, with effective and reputable services, who specializes in providing effective strategies to transition to a self-funded insurance platform.

Benefits of Self-Funding

- Allows the City to customize our healthcare plan to meet the specific health care needs of our workforce, as opposed to purchasing a “boxed” healthcare plan.
- The City maintains control over the health plan reserves.
- The City will not have to pre-pay for coverage/premiums, thereby providing for improved cash flow.
- Self Funded Plans are not subject to state health insurance premium taxes, which are generally 2-6 percent of the premium's dollar value.

Proposal Process

- Proposals solicited to find best benefits consultant.
 - ▣ Six (6) proposals were received in response.
- Review committee composed of personnel from Human Resources and Finance departments.
- Scored based on criteria including:
 - ▣ Qualifications/Experience (40%)
 - ▣ Methodology to Achieve End Result (40%)
 - ▣ Completeness of Proposal (20%)

Proposal Process

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- Narrowed the list to three finalists who scored similarly based on evaluation results.
- Interviewed the top finalists.
- Chose the entity who best met the needs of the City based on their qualifications and experience.

Financial Impact

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- The financial impact is a total of \$95,000
 - ▣ In FY20 a total of \$13,571
 - ▣ In FY21 a total of \$81,429

Alternatives Considered

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- Keep the current benefits consultant to assist with the transition of self-funding.
- Consider selection of another benefits consultant to provide self-funding consulting services.

Recommendation

- Staff recommends City Council award the proposal to Lockton Dunning Benefits, benefits consultant, who specializes in providing effective strategies to transition to a self-funded insurance platform, effective August 1, 2020.