



STAFF REPORT

DATE: March 20, 2018

TO: Ronald L. Olson, City Manager

FROM: Eva Bark, Executive Director of Human Resources

SUBJECT: **USE OF THE REQUEST FOR PROPOSAL (RFP) PROCESS FOR THE SELECTION OF HEALTHCARE PLAN FOR BOTH FULLY INSURED AND SELF-INSURED OPTIONS**

BACKGROUND AND FINDINGS:

The City of Killeen provides medical and dental insurance, Scott and White Health Plan and MetLife, respectively, for each employee so that each has access to health care. In FY '18, the City continued to pay 100% of the medical and dental care premiums, base plan only, for all eligible employees. Employees may purchase additional medical and dental care coverage for their family members, if they choose.

Medical insurance benefits are reviewed annually. SWHP offered the City a rate pass for FY '18. The rate for medical insurance benefits provides competitive pricing for employee medical insurance, maintaining current core benefits.

Dental insurance benefits are also reviewed annually. MetLife offered the City a guarantee of no increase for FY'18. The rate for dental insurance benefits also provides competitive pricing for the employee dental insurance, maintaining current core benefits.

Before a purchase method other than competitive sealed bidding is used, the governing body must determine that the alternative process will provide the best value for the city. The RFP process will allow healthcare providers to propose the most cost effective healthcare for the City and its employees. The RFP process will allow healthcare providers to submit a proposal on both fully insured and self-funded healthcare plan options. The proposal review process will evaluate the content of each proposal and consider the proposer's qualifications, experience, references, fees, methodology and timeline to determine the best solution and value. Generally it is a good idea to go to market for an RFP every three to five years. It has been three plan years since the City last marketed the Medical and Dental Insurance. In the last three years "technology" and other cost effective solutions have made it attractive to go to market.

Staff recommends that City Council find that the RFP process will provide the best value for the City and authorize moving forward on the healthcare process by soliciting RFPs.

City Council approved funding in the FY 2018 Budget to complete this process.

After selection of a vendor, staff will negotiate the project scope and fees with the selected company then submit the contract to City Council for approval.

THE ALTERNATIVES CONSIDERED:

Alternatives considered: (1) keep the current health care plan with Scott and White and dental plan with MetLife; (2) use the RFP process to evaluate and select a healthcare and dental plan that provides the best value proposal for funding

Which alternative is recommended? Why?

Staff recommends alternative 2. Using the RFP Process to review the funding of healthcare and dental care will provide the most cost effective healthcare and dental plan for the City and its employees.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

The decision to proceed with the RFP process incurs no financial impact.

What is the amount of the expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

Staff recommends that City Council find that the RFP process will provide the best value to the City for the review of healthcare plans and authorize staff to proceed with issuing the RFP.

DEPARTMENTAL CLEARANCES:

Finance

ATTACHED SUPPORTING DOCUMENTS:

N/A