



**Hallandale Beach**  
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400 South Federal Hwy  
Hallandale Beach, FL 33009

## City of Hallandale Beach City Commission Agenda Cover Memo

<b>Meeting Date:</b>	June 21, 2017		<b>Item Type:</b> <i>(Enter X in box)</i>	<b>Resolution</b>  X	<b>Ordinance</b>	<b>Other</b>	
<b>Fiscal Impact:</b> <i>(Enter X in box)</i>	<b>Yes</b>	<b>No</b>	<b>Ordinance Reading:</b> <i>(Enter X in box)</i>	<b>1<sup>st</sup> Reading</b>		<b>2<sup>nd</sup> Reading</b>	
	X		<b>Public Hearing:</b> <i>(Enter X in box)</i>	<b>Yes</b>	<b>No</b>	<b>Yes</b>	<b>No</b>
<b>Funding Source:</b>	001/110/130/160/165/302/ 347/348/410/420/430/440/ 450/490/530/570/810- 523050		<b>Advertising Requirement:</b> <i>(Enter X in box)</i>	<b>Yes</b>		<b>No</b>	
						X	
<b>Account Balance:</b>			<b>Quasi-Judicial:</b> <i>(Enter X in box)</i>	<b>Yes</b>		<b>No</b>	
						X	
<b>Project Number :</b>	N/A		<b>RFP/RFQ/Bid Number:</b>	RFP # 2016-2017-003 FULLY INSURED GROUP MEDICAL AND PRESCRIPTION BENEFITS			
<b>Contract/P.O. Required:</b> <i>(Enter X in box)</i>	<b>Yes</b>	<b>No</b>	<b>Strategic Plan Priority Area:</b> <i>(Enter X in box)</i>  <b>Safety</b> <input type="checkbox"/> <b>Quality</b> <input checked="" type="checkbox"/> <b>Vibrant Appeal</b> <input type="checkbox"/>				
	X						
<b>Sponsor Name:</b>	City Manager Roger M. Carlton		<b>Department:</b> Human Resources Department	Radu Dodea, Human Resources Director			

**Short Title:**

HEALTH INSURANCE RFP

## **Staff Summary:**

### **BACKGROUND:**

The City of Hallandale Beach currently provides Group Health benefits to approximately 1,100 members, of which 442 are eligible employees and elected officials, and the rest are retirees and additional eligible dependents. The current health insurance contract is due to expire September 30, 2017.

The City has been with Cigna since October 1, 2013. For the 2013-2014 plan year, there was a significant combined claims loss ratio of 150%. The City was given a significant renewal for the 2014-2015 plan year, which the City had to negotiate. The City, with some minimal plan changes, was able to negotiate a renewal increase of approximately 15%, or approximately \$655,000 for all funds.

During the 2014-2015 plan year, again there was a significant combined claims loss ratio of 148%. The City was given a significant renewal for the 2015-2016 plan year, which again, the City had to negotiate. The City added a \$1,000 deductible to the plan with minimal other changes and negotiated a renewal of 14.9% which increased the annual premium for all funds by approximately \$748,000.

For the 2015-2016 plan year, similar significant claims losses occurred, and the City negotiated a renewal of 15%, or approximately \$865,000 increase for all funds.

Human Resources staff brought forth an Agenda Item at the City Commission Workshop held on April 17, 2017, to discuss the status of the health insurance renewal and provide an overview of the process for selecting a carrier.

Given the fact that the City experienced 15% per-year renewals for the previous three (3) fiscal years, and our commitment to providing the most fiscally responsible benefits to employees, while controlling costs, staff recommended that a Request for Proposals (RFP) be released to explore the market options.

The RFP required carriers to submit proposals for the "As-Is" plan design, as well as a High-Deductible Health Plan (HDHP) option, with a Health Reimbursement Arrangement (HRA).

A HDHP is a plan with a higher deductible than a traditional insurance plan. The monthly premium is usually lower, but employees pay more health care costs initially before the insurance company starts to pay its share.

The HRA, is an IRS-approved, employer-funded, tax-advantaged employer health benefit plan that reimburses employees for out-of-pocket medical expenses and individual health insurance premiums to help minimize the impact of a HDHP.

The IRS defines a HDHP as any plan with a deductible of at least \$1,300 for an individual or \$2,600 for a family. A HDHP's total yearly out-of-pocket expenses (including deductibles, copayments and coinsurance) can't be more than \$6,550 for an individual or \$13,100 for a family.

## **CURRENT SITUATION:**

### Request for Proposals

RFP # FY 2016-2017-003 Fully Insured Group medical and Prescription Benefits was released on April 20, 2017. (See Exhibit 2)

On May 30, 2017, three proposals were received from the following firms:

1. AvMed
2. Cigna
3. United Healthcare

In review of the three proposals, it was determined by the Procurement Department and the City's consultant, Siver Insurance Consultants, that AvMed did not meet the minimum qualification requirements set forth in the RFP.

### Evaluation Committee

On May 12, 2017, the Procurement Department and Human Resources Director met with the Evaluation Committee to conduct training and review of the evaluation process. The Evaluation Committee, appointed by the City Manager, was composed of the following individuals:

Barbara Trinko, Assistant Finance Director, Finance Department  
James Buschman, Risk Manager, Human Resources/Risk Management Department  
Brian Hubbert, Sergeant, representing Police Employees Union (PBA)  
Carol Gushwa, Captain, representing Fire Employees Union (IAFF)  
Michael Jordan, Public Services Supervisor, representing General Employees Union (AFSCME)  
Yamileth Slate-McCloud, Town of Surfside Human Resources Director  
Samuel Mitchell, Chief Financial Officer of Royal Life Health Centers

On June 14, 2017, a Sunshine Evaluation Committee meeting was held with the committee to discuss and review the proposals. At this meeting, Siver Insurance Consultants was present to provide an outline comparing the proposals and to provide guidance to the Committee in their review. On June 16, 2017, rating sheets were finalized and provided to the City Manager. (See Exhibit 3)

### Health Benefits Advisory Committee

Part of the process was the inclusion of a Health Benefits Advisory Committee, in accordance with the collective bargaining agreement. The Health Benefits Advisory Committee was composed of the following individuals representing all employee groups and unions:

Erika Pantoja, Benefits Coordinator, Human Resources Representative  
Amber Cox, Code Compliance Division, General Employees Union Representative  
Cora Daise, Assistant Human Services Director, Management Representative  
Mike Gorman, Fire Captain, Fire Union Representative  
Soris Garcia, Police Property & Records Supervisor, Unrepresented Employees Representative  
Troy Tortorici, Police Officer, Police Union Representative

On May 12, 2017, the City Manager, Procurement Department and Human Resources Director met with the Health Benefits Advisory Committee to explain in depth the current state of the City as it related to health insurance and the RFP process. At this meeting, it was requested that the Health Benefits Advisory Committee reach out to their respective employee groups to obtain and provide feedback.

On June 6, 2017, the Health Benefits Advisory Committee met to discuss any feedback that they had received. Any additional feedback after the meeting was requested via email and provided by June 9, 2017.

The feedback received was shared with the Evaluation Committee for their consideration in making a selection. The feedback was also provided to the Human Resources Director and City Manager to consider during negotiations.

**WHY THIS ACTION IS NECESSARY:**

Pursuant to Chapter 23, Section 23-4, Competitive Bidding Required, all purchases of and contracts for equipment, supplies and contractual services, when the estimated cost shall exceed \$50,000.00 shall be based on competitive bids. Furthermore, pursuant to Chapter 23, Section 23-6, Award of Contract, the City Manager, shall have the authority to recommend to the City Commission award of contracts.

**FISCAL IMPACT:**

Based on the preliminary review of the bid responses, staff has identified an estimated maximum total cost not to exceed \$6,077,938. This represents no increase in funding compared to Fiscal Year 2016/2017. If the City selects the HDHP option, staff anticipates a savings of approximately \$618,000 which will be shared with employees to fund HRA accounts.

**Proposed Action:**

*Staff recommends the City Commission adopt the attached Resolution authorizing the City Manager to award RFP # FY 2016-2017-003 and authorizing the City Manager to negotiate with the two responsive firms to choose a Group Health carrier in the City's best interest, with total costs not to exceed \$6,077,938. Also, authorize the City Manager to negotiate a contract with the selected carrier and the ability to renew on a year to year basis in the best interest of the City. Once the decision is revealed, a full report will be made to the City Commission.*

**Attachment(s):**

Exhibit 1 – Resolution  
Exhibit 2 – RFP # FY 2016-2017-003 - Exhibit I Scope of Work  
Exhibit 3 – Summary Rating Sheet

Prepared by:

*Radu Dodea*

Radu Dodea, Human Resources Director