



Legislation Text

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TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator / CFO
Kevin Townsel, Human Resources Director
Sara Sylvis, Interim Assistant Human Resources Director
Brian Wilcox, Purchasing Manager

SUBJECT:

Consideration of procurement award to BlueCross BlueShield of Tennessee of Chattanooga, Tennessee for administrative services for the City's group employee health, pharmacy and vision insurance benefits, for a term of award of three (3) years, to be effective July 1, 2017, with two (2) one-year options to extend the term of award thereafter, for the Human Resources Department (Purchasing Office Procurement Solicitation No. 2017-014; Contract No. 2017-0090) (04/13/17 FINANCE 3-0, 04/25/17 Work Session)

Purpose

The purpose of this procurement is to purchase administrative services for the City's self-funded group employee health, pharmacy and vision insurance benefits, for a term of award of three (3) years, to be effective July 1, 2017, with two (2) one-year options to extend the term of award thereafter, for the Human Resources Department.

Background

The City published on February 9, 2017 a Notice to Proposers in the *Williamson Herald* for the following three (3) separate and independent group employee insurance procurements: (a) health benefits and associated services; (b) pharmacy benefits; and (c) vision benefits. In addition, solicitation documents were sent on or about the same date directly to thirteen (13) potential proposers known or thought to be interested in this solicitation. Proposals from eleven (11) service providers were publicly opened at the submittal opening held on March 16, 2017. Three separate tabulations of the proposals received for this solicitation - one (A) for health, one (B) for pharmacy and one (C) for vision - are attached.

Please note the following excerpt from the City's request for proposals regarding representation by brokers, consultants or commissioned agents, and proposals being solicited for administrative services for any one, two or all three lines of coverage identified:

The City will contract directly with organizations capable of performing the requirements of this Request for Proposals. Proposers must be represented directly. Participation by brokers, consultants

or commissioned agents will not be allowed during the proposal process or during the term of the proposed contract. Proposers may submit a partial proposal. If a partial proposal is being submitted, then the services being proposed must be clearly defined and any relevant section of the Proposal Submittal Form pertaining to those services being proposed must be completed. The City anticipates it could be making multiple awards, so proposals for any one or more of the three categories of group employee insurance benefits are encouraged. Each type of service and line of coverage will be evaluated separately, but if a proposer offers favorable pricing for award of more than one service or line of coverage, this will be taken into consideration.

All responsive proposals were evaluated by the City's group employee insurance benefits consultant, the firm of Cowan, a division of HUB International, pursuant to the evaluation criteria listed in the Request for Proposals. In addition to the evaluation criteria for which points were allocated, fees and/or rates were also identified in the Request for Proposals as an important consideration. Following presentation of the analysis by Cowan to the interview panel consisting of various City staff, two finalists were then identified and invited to interview with that panel.

Financial Impact

The proposals ranked highest by the interview team are from BlueCross BlueShield of Tennessee of Chattanooga, Tennessee, and are for administrative services for the City's group employee health, pharmacy and vision insurance benefits. As the term of award is scheduled to begin July 1, 2017, it is not possible to compare the fees quoted by BlueCross BlueShield of Tennessee with approved budget figures for that fiscal year but they compare favorably with the most recently available corresponding figures under the City's current arrangement with the same service provider.

Options

In accordance with the solicitation documents, the City reserves the right to reject any and all proposals.

Recommendation

Staff recommends that the City accept, contingent upon Law Department and City Administrator approval of City Contract No. 2017-0090, the proposal ranked highest by the interview panel, from BlueCross BlueShield of Tennessee of Chattanooga, Tennessee, for administrative services for the City's group employee health, pharmacy and vision insurance benefits, for a term of award of three (3) years, to be effective July 1, 2017, with two (2) one-year options to extend the term of award thereafter, for the Human Resources Department, and award this procurement to this proposer. Purchasing Manager Brian Wilcox believes the prepared solicitation documents as distributed allowed for competition among multiple vendors, and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received. Contract No. 2017-0090 is not yet in final form and therefore is not attached. When it is in final form, and if the staff recommendation to accept the proposal from and award the procurement to BlueCross BlueShield of Tennessee is approved by the Board of Mayor and Aldermen, then, pursuant to authority previously granted by the Board of Mayor and Aldermen, Contract No. 2017-0090 will be executed by the City Administrator and reported to the Board of Mayor and Aldermen.