

# Memorandum



CITY OF DALLAS

Date           October 10, 2008

To             Members of the Finance, Audit & Accountability Committee  
Chair Mitchell Rasansky, Vice Chair Jerry R. Allen, Mayor Pro Tem Dr. Elba Garcia,  
Vonciel Jones Hill, Angela Hunt, Ron Natinsky and David Neumann

Subject       **Benefits Consulting Services RFP Results**

The Finance, Audit and Accountability Committee Meeting on October 13<sup>th</sup> agenda will include the Benefits Consulting Services briefing. David Etheridge, Director of Human Resources will brief the Committee and his briefing materials are attached.

Should you require additional information, please let me know.

  
Edward Scott  
City Controller

## Attachment

C:     Honorable Mayor & Members of the City Council  
Mary R. Suhm, City Manager  
Tom Perkins, Jr., City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Ryan S. Evans, First Assistant City Manager  
David O. Brown, Interim Assistant City Manager  
Ramon Miguez, P.E., Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Dave Cook, Chief Financial Officer

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# City of Dallas

# Benefits Consulting Services

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Briefing to the  
Finance, Audit and Accountability Committee

October 13, 2008

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# Purpose

- ❖ To brief the Committee on a recommendation by the Department of Human Resources to award a four year contract (with two one-year renewal options) to Buck Consulting Services to provide health benefits and wellness actuarial consulting services for its employees, retirees and their dependents

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# Background

- ❖ City is contracting with Deloitte Outsourcing, LLP
- ❖ The original four year contract was authorized by City Council on September 22, 2004 (Resolution Number 042782)
- ❖ The contract with Deloitte Outsourcing, LLP began on October 1, 2004
- ❖ The contract with Deloitte will end September 30, 2008

# Scope of Services

- ❖ The City issued an Request for Proposal to select a vendor to provide actuarial and consulting services for the City of Dallas Health and Wellness Program
- ❖ The awarded contract will commence on October 1, 2008, and will be in effect for four years, with two one year renewal options
- ❖ Below is listed of the actuarial and benefits consulting services requested, but not all exclusive:
  - ❖ **Annual Plan Evaluation**
  - ❖ **Plan Design and Funding Strategies**
  - ❖ **Projection of Plan Costs & GASB 45**
  - ❖ **Projection of Plan Costs**
  - ❖ **RFP Specifications, Proposal Review /Recommendations**  
(Life, Health, EPO, PPO, Dental, Vision, TPA, etc.)
  - ❖ **Health Claims, Third Party Administration (TPA) Audit**
  - ❖ **Conduct Benchmark Study/Surveys**
  - ❖ **Employee Communication Materials**
  - ❖ **Other Projects**

# Benefits Consulting Services Requested

## ■ Benefits Consulting Services

| <u>PROJECT</u>  | <u>EST. HOURS</u> |
|---|-------------------|
| ❖ Annual Plan Evaluation                                    | 200               |
| ❖ Plan Design and Funding Strategies                        | 200               |
| ❖ Projection of Plan Costs & GASB 45                        | 250               |
| ❖ RFP Specifications, Proposal Review /Recommendations      | 250               |
| ❖ (Life, Health, EPO, PPO, Dental, Vision, TPA, etc.)       |                   |
| ❖ Health Claims, Third Party Administration (TPA) Audit     | 200               |
| ❖ Conduct Benchmark Study/Surveys                           | 50                |
| ❖ Employee Communication Materials                          | 50                |
| ❖ Other Projects  | 100               |
| ❖ Provide normal hourly billing rates for staff to include: |                   |
| ■ _____ Actuary   |                   |
| ■ _____ Senior Consultant                                   |                   |
| ■ _____ Consultant  |                   |
| ■ _____ Clerical  |                   |
| ■ _____ Other (please describe)                             |                   |

- See exhibit for health plan information

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# Vendors Responding to RFP

The following vendors submitted proposals:

- ❖ **Buck Consultants**
- ❖ **Deloitte Consulting, LLP**
- ❖ **Hilb, Rogal & Hobbs**
- ❖ **Holmes Murphy & Associates, Inc.**
- ❖ **Valley Risk Consulting, Inc.**
- ❖ **Wachovia Insurance Services, Inc.**

# Summary of RFP Process

- ❖ The City issued an RFP in the selection of a provider of health benefits and wellness actuarial consulting services of the City of Dallas
- ❖ The awarded contract will commence on October 1, 2008, and will be in effect for four years, with two one options to renew annually thereafter
- ❖ “Short list” of requirements:
  - ❖ Annual Plan Evaluation
  - ❖ Plan Design and Funding Strategies
  - ❖ Projection of Plan Costs
  - ❖ RFP Specifications, Proposal Review & Recommendations (Life, Health, EPO, PPO, Dental, Vision, TPA, etc.)
  - ❖ Health Claims, Third Party Administration (TPA) Audit
  - ❖ Conduct Benchmark Study/Surveys
  - ❖ Employee Communication Materials
  - ❖ Other Projects
- ❖ (RFP) BWZ0823 - Benefits Consulting Services (HRD) Advertisement Dates
  - ❖ Thursday - March 27, 2008
  - ❖ Thursday – April 3, 2008
- ❖ Pre-Proposal Meeting
  - ❖ Monday - April 14, 2008
  - ❖ Time: 2:00 PM
  - Business Development & Procurement Services
  - 1500 Marilla 3FS, Conference Room C
  - Dallas, Texas 75201
- ❖ Questions Submitted by vendors
  - ❖ Wednesday - April 16, 2008
- ❖ Responses to Questions Due to Purchasing
  - ❖ Friday - April 18, 2008
- ❖ Proposals Due
  - ❖ Wednesday - April 30, 2008, Time: 2:00 PM
- ❖ Evaluation Committee Review & Oral Presentation (if necessary)
  - ❖ Tuesday – May 15, 2008, Time: (TBD)
- ❖ Tentative City Council Agenda Meeting (Vote and Approval)
  - ❖ November 10, 2008
- ❖ RFP committee members from:
  - ❖ Public Works & Transportation
  - ❖ Equipment & Building Services
  - ❖ Human Resources



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# Scoring Summary

- ❖ The proposers are listed in alphabetical order. Buck Consultants, LLC is being the recommended as a result of them having the highest score

| ❖ <u>Vendor</u>                    | <u>Score</u> | <u>Price</u> |
|------------------------------------|--------------|--------------|
| ❖ Buck Consultants, LLC            | 90.26        | \$250,000.00 |
| ❖ Deloitte Consulting, LLP         | 84.36        | \$253,500.00 |
| ❖ Hilb Rogal & Hobbs, Inc.         | 67.22        | \$251,250.00 |
| ❖ Holmes Murphy & Associates, Inc. | 64.19        | \$198,500.00 |
| ❖ Valley Risk Consulting           | 53.68        | \$152,625.00 |
| ❖ Wachovia Insurance Services, Inc | 46.33        | \$228,750.00 |

# **EXHIBITS**

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# Health Insurance

## ❖ Plan Offerings for Active Employees & Non-Medicare Eligible Retirees (under 65)

### ❖ 6 self-insured Preferred Provider Organization (PPO) Plan

Membership Participation%      Membership Count

|   |                                   |                                  |
|---|-----------------------------------|----------------------------------|
| ❖ 80/20 coinsurance, \$300 deductible -   | <b><u>9.1% participation</u></b>  | <b><u>1,194 participants</u></b> |
| ❖ 80/20 coinsurance, \$1,000 deductible - | <b><u>45.2% participation</u></b> | <b><u>5,959 participants</u></b> |
| ❖ 80/20 coinsurance, \$3,000 deductible - | <b><u>1.4% participation</u></b>  | <b><u>188 participants</u></b>   |
| ❖ 70/30 coinsurance, \$300 deductible -   | <b><u>1.6% participation</u></b>  | <b><u>207 participants</u></b>   |
| ❖ 70/30 coinsurance, \$1,000 deductible - | <b><u>11.4% participation</u></b> | <b><u>1,509 participants</u></b> |
| ❖ 70/30 coinsurance, \$3,000 deductible - | <b><u>17.2% participation</u></b> | <b><u>2,271 participants</u></b> |

❖ 1 self-insured Exclusive Provider Organization (EPO) Plan – **14.1% participation**      **1,863**

❖ 1 self-insured Prescription Drug Plan

❖ Plan Offerings for Medicare Eligible Retirees (over 65)

❖ 4 fully-insured AARP Medicare Supplement Plans

❖ 3 self-insured Medicare Advantage HMO Plans

❖ 1 Medicare Part D Prescription Plan

# Plan Enrollment & Demographics

| Population Measures | Active |        | Retirees Under Age 65 |       | Retirees Over Age 65 |      | Total  |        |
|---------------------|--------|--------|-----------------------|-------|----------------------|------|--------|--------|
|                     | 2006   | 2007   | 2006                  | 2007  | 2006                 | 2007 | 2006   | 2007   |
| Employees           | 7,767  | 10,650 | 1,718                 | 2,040 | 948                  | 424  | 10,433 | 13,114 |
| Members             | 15,387 | 19,664 | 2,399                 | 2,747 | 1,195                | 473  | 18,981 | 22,884 |
| Avg. Family Size    | 1.98   | 1.85   | 1.40                  | 1.35  | 1.26                 | 1.12 | 1.82   | 1.75   |
| Avg. Member Age     | 31.8   | 32.6   | 55.0                  | 55.4  | 74.1                 | 70.1 | 37.4   | 36.1   |

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# Recommendation

- Secure Finance, Audit and Accountability Committee recommendation for the action item placed on the September 24, 2008 City Council agenda
  - Award a professional service contract, in the amount of \$250,000.00 to Buck Consulting Services