



MEMORANDUM

TO: Mayor and City Commissioners

FROM: Eddie DeMicco, Risk Manager

THROUGH: Louie Chapman, Jr. City Manager

Shirley O'Neal McKennon, Interim Human Resources Director

DATE: March 5, 2014

SUBJECT: AGENDA ITEM 8.F.3 - REGULAR COMMISSION MEETING OF MARCH 18, 2014
CONTRACT AGREEMENTS WITH HUMANA, MINNESOTA LIFE, AND CIGNA

ITEM BEFORE COMMISSION

The item before Commission is to approve a bid award to Humana for Dental and Vision, Minnesota Life for Life Insurance, AD&D and Supplemental Life Benefits, Cigna for Long Term Disability regarding the Group Ancillary Benefit Plans for RFP 2014-16.

BACKGROUND

The Group Ancillary Benefit Plans renew every year on June 1st. An RFP for Group Ancillary Plans was released to the market on January 19, 2014. The following benefits were included in the RFP: Dental, Vision, Long Term Disability, Life, Accidental Death & Dismemberment (AD&D) and Supplemental Life.

Each of the carriers was given four weeks to respond. The bid deadline was February 14, 2014. The City received the following RFP responses:

- Dental: Cigna, Guardian, and Humana
- Vision: Cigna, Davis Vision, Guardian, Humana, and Superior Vision
- Long Term Disability: Cigna, and Sun Life
- Life, AD&D and Supplemental Life: Cigna, Minnesota Mutual, and Sun Life

Of the competitors, the following were selected as carriers that best met the selection criteria:

- Humana: Dental and Vision
- Minnesota Life: Life, AD&D and Supplemental Life
- Cigna: Long Term Disability

Dental, Vision and Supplemental Life benefits are paid 100% by the employees. The Life, AD&D and Long Term Disability premiums are paid by the City. The annual premiums for these benefits are estimated at the following cost:

- Long Term Disability: \$107,000.00
- Life, AD&D: \$150,000.00

The City's Long Term Disability premiums increased by 8% due to a three (3) year rate guarantee and market conditions. The majority of carriers are experiencing an increase in rates because of an increase in benefit utilization. The competitor, Sun Life, quoted a 66% increase over current annual premium.

Life and AD&D rate premiums increased to 74% due to a 3 year rate guarantee and the City's high claims experience that exists on our account. However, there was a significant increase with the competitors' quotes: Cigna – 197% and Sun Life - 128%. The Life, AD&D contract with Cigna will expire on May 31, 2014.

FUNDING SOURCE

Funding is available from 551-1576-591-45.43 (Dental Premiums); 551-1576-594-45.49 (Vision Premiums); 551-1576-591-45.44 (Long Term Disability Premiums); 551-1576-591-45.40 (Life and AD&D Premiums) and 551-1576-591-45.37 (Supplemental Life Premiums).

RECOMMENDATION

Staff recommends approval of a bid award for Group Ancillary Benefits Plans to Humana for Dental and Vision, with a 24 month rate guarantee; Cigna for Long Term Disability, with a 24 month rate guarantee, and to Minnesota Life for Life, AD&D and Supplemental Life, with a 36 month rate guarantee

ADDENDUM NO. 1

**RFP No. 2014-16
Group Ancillary Benefit Plans**

January 21, 2014

TO ALL BIDDERS AND OTHERS CONCERNED

Contractors submitting proposals for the above-referenced project shall take note of the following changes, additions, deletions clarifications, etc., to the Plans and Specifications which in accordance with the Contract Documents shall become a part of and have precedence over anything shown or described otherwise.

1. Replacement for page # 32 Section 3
2. Replacement for page # 36 Section 4
3. Replacement for page # 553 Section 5
4. Replacement for page # 555 Section 6
5. Replacement for page # 560 Section 7
6. Replacing page # 9 with correction - RFP must be received no later than 2:30 P.M.

NOTE: Bidders must acknowledge Receipt of this Addendum

Write the words **"Addendum No. 1"** on the exterior of the envelope in which the bids are submitted.

PLEASE ACKNOWLEDGE RECEIPT OF **ADDENDUM NO. 1** BY SIGNING BELOW AND FAXING BACK TO (561) 243-7166 OR VIA EMAIL nadal@mydelraybeach.com AS SOON AS POSSIBLE.

Planholder

By

Date

ADDENDUM NO. 2

RFP No. 2014-16 Group Ancillary Benefit Plans

January 22, 2014

TO ALL BIDDERS AND OTHERS CONCERNED

Contractors submitting proposals for the above-referenced project shall take note of the following changes, additions, deletions clarifications, etc., to the Plans and Specifications which in accordance with the Contract Documents shall become a part of and have precedence over anything shown or described otherwise.

Questions and Answers

Q. Can you please provide a census file for Dental and Vision that includes the following information: Date of Birth, Zip Code, Gender, Plan Type Chosen & appropriate Plan, Tier Type Chosen?

A. 2014 Eligibility Census attached.

Q. Can you please confirm if this RFP includes a Producer and if commission is to be included?

A. All benefits are net commission do not include any commission in proposed premiums.

Q. Page 4 – Item L – Dental & Vision Only – this grid states that submittals should include 9 sections and includes specific data that should be provided in those sections. However, page 13 – Section 8 – RFP Format - only shows 8 Sections for Dental. Please confirm which RFP layout is the correct one for Vendors to follow.

A. Refer to page 4 L for formatting.

Q. Is the City of Delray Beach seeking only a company that can provide all these benefits rather than selective products?

A. RFP not seeking products that are listed

Q. Is the City of Delray Beach not interested in ancillary products such as:

- a. Cancer Plans
- b. Critical Illness Plans
- c. Accident Plans
- d. Short Term Disability Plans
- e. Hospital Confinement (Medical Bridge) Plans
- f. Universal Life (and Long Term Care)

A. RFP clearly explains the products that are being requested, the products stated in your email are not being requested by the City of Delray Beach

Q. If the City of Delray Beach does have an interest in these ancillary products what impact will it have in the award process?

A. The City of Delray Beach is not seeking services that you are describing. The City of Delray Beach will not entertain quotes or responses for services that are not outlined in the RFP

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Write the words **"Addendum No. 2"** on the exterior of the envelope in which the bids are submitted.

PLEASE ACKNOWLEDGE RECEIPT OF **ADDENDUM NO. 2** BY SIGNING BELOW AND FAXING BACK TO (561) 243-7166 OR VIA EMAIL nadal@mydelraybeach.com AS SOON AS POSSIBLE.

Planholder

By

Date

ADDENDUM NO. 3

RFP No. 2014-16 Group Ancillary Benefit Plans

January 27, 2014

TO ALL BIDDERS AND OTHERS CONCERNED

Contractors submitting proposals for the above-referenced project shall take note of the following changes, additions, deletions clarifications, etc., to the Plans and Specifications which in accordance with the Contract Documents shall become a part of and have precedence over anything shown or described otherwise.

Questions and Answers

Q. In Section 1 – Overview – Page 4 – Item H – responses shall be limited to 8 ½ x 112 page size. No smaller than 11 points font. All pages should be numbered.

Please confirm if the page numbering has to be consecutive throughout the complete document or is the numbering per section.

A. The paper will be 8 ½ by 11 and you can number consecutive or by sections.

Q. In Section 6 – Southeast Florida Dental & Vision Provider Networks – Question 4 - In the charts below, please provide the requested information concerning your company's contracted charges and the UCR allowable. Our tool only has the ability to pull by either State, MSA or 3 digit zip code not by county. Can you please provide the 3 digit zip code for Dade County, Broward County and Palm Beach County that you would like the results to be based on.

In Section 6 – Southeast Florida Dental & Vision Provider Networks – Question 5 - Please provide the Southeast Florida dental network discount your network contract provides from billed charges. Our tool only has the ability to pull by either State, MSA or 3 digit zip code not by county. Can you please provide the 3 digit zip code for Dade County, Broward County and Palm Beach County that you would like the results to be based on.

A. Palm Beach 334, Broward 333, Dade 331

Q Requesting Census on Life, LTD, Retiree

A. See Excel Worksheets Attachment #1

Q Requesting Experience on Life & LTD

A. See Excel Worksheets Attachment #2

NOTE: Bidders must acknowledge Receipt of this Addendum

Write the words **"Addendum No. 3"** on the exterior of the envelope in which the bids are submitted.

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Planholder

By

Date

ADDENDUM NO. 4

RFP No. 2014-16 Group Ancillary Benefit Plans

January 30, 2014

TO ALL BIDDERS AND OTHERS CONCERNED

Contractors submitting proposals for the above-referenced project shall take note of the following changes, additions, deletions clarifications, etc., to the Plans and Specifications which in accordance with the Contract Documents shall become a part of and have precedence over anything shown or described otherwise.

Questions, Answers and Clarifications

Q. Is it possible to get an extension on the RFP due date of One (1) week, Two (2) weeks or even (3) three weeks.

A. We can extend the RFP for one (1) week only. Anytime beyond that point would place the City in a bind for the review process and open enrollment.

Revised Due Date & Time: FRIDAY, FEBRUARY 14, 2014  11:30 A.M.

Q. We would like to quote the Disability and Life Insurance on this group, but we wanted to know if you could provide a writable version of the documents. Also provide a census for us to use.

A. See attached documents.

Q In Section 1, Overview, on page 2, and in Section 2.0, Requirements and Conditions, page 9, subsection 2.1, both state that the electronic copies will be in Word format. Are Excel documents acceptable? A. YES, Word and Excel will be acceptable.

Q. In Section 1, Overview, on page 2, and in Section 2.0, Requirements and Conditions, page 9, subsection 2.1, both state that the electronic copies will be in Word format. All documents received to date have been PDF. Please provide documents in Word format. A. See attached documents.

Q. Could we please have the renewal rates, if available? A. There is no renewal rates for any of the products requested.

Q. Can you please send us the Excel format of the Dental Census? A. See attached file.

Q. Will the City be providing a census in excel format that indicates Voluntary Life Volumes for Employee, Spouse and Dependent? A. See attached file.

Q. In addition, would you have claims experience information available for the Life & Long Term Disability? A. There is no claims experience available on the life insurance or the LTD.

Q. Requesting City Policies: EEOP, Harassment, Drug & Alcohol A. See attached file.

- Q. Are all eligible employees enrolled in both dental and vision? There are 591 eligible on the Dental census, but only 436 eligible listed on the Vision census. A. No. Only the ones who want to enroll.
- Q. Dental/Vision experience. Experience should be listed by month, and include premiums received, claims paid & lives covered. A. The experience reports we have provided are from the carrier and cannot be customized.
- Q. Confirmation of contribution for Dental PPO plans. Are the DHMO plans the only Non-Contrib plans, and the PPO plans are Voluntary? A. All dental plans are voluntary.
- Q. Confirmation of contribution for the Vision plan. the census only shows 74% participation. A. Correct
- Q. Dental and Vision renewal rates. A. No renewal rates are available.
- Q. Why is the City out for RFP on vision? Are there improvements in plan designs they would like to see? City wanted to market all plans. A. No current problems with the vision.
- Q. To ensure the most competitive rates possible, please provide any vision claims or utilization data available. Prefer a 2-year minimum. A. We have no vision claims experience.
- Q. Are renewal rates for your Humana Vision policy available? If yes, would you please share them? We will not be receiving renewal rates this year. A. We have gone to RFP. Even the incumbent vendor must submit a response.
- Q. Is there a current Agent of Record (AOR) or Consultant representing the City of Delray Beach for Employee Ancillary Benefits? A. Gallagher Benefit Services, Inc. No commissions in the products.
- Q. Does the employer contribute/pay-for any percentage toward the benefit, or is the benefit voluntarily paid for by the employee 100%? A. What product are you addressing?
- Q. Does the City of Delray Beach want to see only one proposed Vision plan design that matches the current Humana benefit, or does the City want additional alternative Vision plans proposed as well? a.) If the City wants additional alternative Vision plans proposed, what are the City's goals for an alternate benefit design? A. Please quote as close to the current plan as possible.
- Q. RFP Section 1.0, Introduction, subsection 1.1, page 8 of the general information document states that "services requested in this RFP for a period of three (3) years." However, Page 5 #13 "Renewal" states the contract will be for a five (5) year period. Please clarify. A. RFP 2014-16 Contract award will be for a five (5) year period.

Clarifications

The RFP notes dental and vision with Humana since 2008, but we have had these lines for much longer. Did they pick the transition date (CompBenefits-Humana)?

The DHMO, ADV and low PPO have had the same rates since 2009; the RFP would indicate 2011. (The high PPO was effective 2013.)

The VIS has had the same rates since 2009; the RFP would indicate 2011.

The rate page indicates 6/13-5/14 (RFP typos 2103-2104), but this would only apply to the "Current Rates" listed.

The ADV schedule in the RFP lists Advantage Plus 3S. Attached is the group's actual schedule (AVN3).

The DHMO and ADV ortho amounts are not described correctly. The amounts they list as lifetime maximums are actually copay totals by category.

The low PPO should list after CYD for basic and major services, like the high PPO.

The high PPO incorrectly lists perio scaling (4341) under major benefits; it would be under basic, like the low PPO.

For vision, the out of network ECL is \$135, not \$105.

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Planholder

By

Date

CITY OF DELRAY BEACH SELECTION COMMITTEE RANKING SHEET
RFP No. 2014-16 Group Ancillary Benefit Plans

		Life, AD&D, Voluntary Life				LTD		Life, AD&D, Voluntary Life				LTD		Life, AD&D, Voluntary Life			
RFP Evaluation Criteria																	
Committee Member		Vendors															
S.O'neal-McKennon																	
P. Lewandowski																	
E. DeMicco	Possible Points	Cigna	Minnesota Life	Sun Life	Cigna	Sun Life	Cigna	Minnesota Life	Sun Life	Cigna	Sun Life	Cigna	Minnesota Life	Sun Life	Cigna	Sun Life	
Proposer's understanding of Scope of Services and firms ability to deliver requested Scope of Services	30	30	30	20	30	20	30	30	25	30	20	30	30	26	30	25	
Quotation of rates, fee and other cost breakdowns	35	5	20	10	30	10	22	33	30	30	20	24	35	31	35	28	
Proposer's ability to provide multiple year rate guarantees	25	20	25	20	25	25	22	23	22	22	22	22	25	22	25	25	
Proposer's ability to Observe and Advise Whether plans Specifications are in compliance and meet all State and Federal regulations	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Proposer's financial responsibility	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
TOTAL	100	65	85	60	95	65	84	96	87	92	72	86	100	89	100	88	

Total Points	Life, AD&D, Voluntary Life
Cigna	235
Minnesota Life	281
Sun Life	236
Total Points	LTD
Cigna	287
Sun Life	225

CITY OF DELRAY BEACH SELECTION COMMITTEE RANKING SHEET
RFP No. 2014-16 Group Ancillary Benefit Plans

		Dental				Vision				Dental				Vision				Dental				Vision			
RFP Evaluation Criteria																									
Committee Member		Vendor				Vendor				Vendor				Vendor				Vendor				Vendor			
S.O'Neal-McKennon																									
P. Lewandowski																									
E. DeMico	Possible Points	Guardian	Humana	Cigna	Guardian	Humana	Davis Vision	Superior	Cigna	Guardian	Humana	Cigna	Guardian	Humana	Davis Vision	Superior	Cigna	Guardian	Humana	Cigna	Guardian	Humana	Davis Vision	Superior	Cigna
Proposers understanding of Scope of Services and firms ability to deliver requested Scope of Services	30	30	30	20	30	30	30	30	30	30	30	24	30	30	30	30	30	29	30	27	30	30	30	30	30
Quotation of rates, fee and other cost breakdowns	30	15	20	25	10	28	15	4	5	26	27	28	20	30	25	15	15	27	27	28	18	30	25	14	15
Proposers ability to provide multiple year rate guarantees	15	5	10	13	5	10	15	15	5	5	15	13	5	13	15	15	5	5	15	13	10	13	15	15	10
Proposers network size and discount evaluation	15	5	10	13	10	10	15	15	10	13	14	14	15	14	15	15	12	11	15	14	14	14	15	15	14
Propers ability to Observe and Advise Whether plans Specifications are in compliance and meet all State and Federal regulations	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Proposer's financial responsibility	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
TOTAL	100	65	80	81	65	88	85	74	60	84	96	89	80	97	95	85	72	82	97	92	82	97	95	84	77

Total Points	
Dental	
Guardian	231
Humana	273
Cigna	262

Total Points	
Vision	
Guardian	227
Humana	282
Davis	275
Superior	243
Cigna	209

Group Health

	CIGNA	AETNA	HUMANA
Eddie	99	92	81
Shirley	91	83	63
Pat	94	91	82
TOTALS	284	266	226

Dental

	HUMANA	CIGNA	GUARDIAN
E. DeMicco	97	92	82
S. McKennon	80	81	65
P. Lewandowski	96	89	84
TOTALS	273	262	231

Vision

	HUMANA	DAVIS VISION	SUPERIOR	GUARDIAN	CIGNA
E. DeMicco	97	95	84	82	77
S. McKennon	88	85	74	65	60
P. Lewandowski	97	95	85	80	72
TOTALS	282	275	243	227	209

Life and AD&D

	Minnesota Life	Sun Life	CIGNA
E. DeMicco	100	89	86
S. McKennon	85	60	65
P. Lewandowski	96	87	84
TOTALS	281	236	235

LTD

	CIGNA	Sun Life
E. DeMicco	100	88
S. McKennon	95	65
P. Lewandowski	92	72
TOTALS	287	225