



AGENDA MEMORANDUM

Action Item for the City Council Meeting July 27, 2021

DATE: July 27, 2021

TO: Peter Zanoni, City Manager

FROM: Eyvon McHaney, Director of Human Resources
EyvonMc@cctexas.com
(361) 826-3979

Josh Chronley, Assistant Director of Contracts and Procurement
JoshC2@cctexas.com
(361) 826-3169

Group Vision Health Benefits

CAPTION:

Resolution authorizing a three-year service agreement with two one-year extension options with Vision Services Plan Insurance Company of Rancho Cordova, CA., to provide third-party administration of the City's fully insured vision care in an amount not to exceed \$486,381.00 for a three-year period, or \$810,635.00, if both one-year extension options are exercised, funded 100% by participating employees through payroll deduction.

SUMMARY:

This resolution authorizes a three-year service agreement with two one-year extension options with Vision Services Plan Insurance Company (VSP). The vision benefits are for City and Fire employees.

BACKGROUND AND FINDINGS:

The City offers employees access to a group vision insurance policy that is 100% funded by employees as a part of an overall employee health care management strategy. The City's goal in contracting with a group vision insurance provider is for participating employees to experience seamless vision benefit administration personalized for their unique needs. Currently, the City offers Ameritas Life Insurance Corporation, of Dallas, TX, which leases VSP's network of providers at a 22.91% higher cost to our employees than what can be offered directly through VSP. Costs to employees will vary based on selected plan coverage.

VSP is the nation's largest vision benefits carrier and currently cover 62,000 clients representing 84.4 million members, including 2,500 public administration organizations. Employees and their families will receive complete and more affordable vision coverage with VSP.

PROCUREMENT DETAILS:

Contracts and Procurement conducted a competitive Request for Proposal to obtain qualified firms for vision, life, and disability coverage for employees choosing benefit coverage. Sixteen firms submitted proposals for the three types of coverages. The selection committee was comprised of representatives from the Fire and Police Associations, Legal, and Human Resources departments. During the evaluation process, it was determined that only the group vision coverage would be considered for a new contract, and that the life and disability would be recommended for renewal on the current contract due to price increases proposed in the submittals.

Twelve of the sixteen proposals continued through the evaluation process for the vision coverage by the City’s evaluation committee and health benefits consultant. Upon completion of the evaluations, the two top firms were asked to submit their best and final offers (BAFOs). The BAFOs were evaluated, and final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City for vision benefits. VSP was selected as the provider for group vision coverage and was the highest ranked firm. Since 2008, the City used Ameritas as its vision insurance provider. The new contract is approximately 30% less than the proposed price from the current provider.

The final evaluation ranked VSP as the highest ranked firm based on five factors: 1) Understanding of the Program, 2) Methodology Used for the Program, 3) Management Plan for the Program, 4.) References, Experience and Qualifications, and 5) Past Performance.

ALTERNATIVES:

The City can choose to negotiate a renewal contract with our current vendor, Ameritas, which is currently at a 30% higher contract cost than this proposal with VSP. Alternatively, the City could choose not to offer a group vision insurance plan for employees. Without the vision insurance the City would be less competitive as an employer due to having an incomplete employer sponsored benefit program.

FISCAL IMPACT:

This contract is a group vision policy that is 100% employee funded. The City does not pay fees for the vision insurance policies, nor does the City make any financial contributions to VSP or the employees who purchase the polices.

FUNDING DETAIL:

Fund:	5614	Other Employee
Organization/Activity:	00000	
Mission Element:	000	
Project # (CIP Only):	N/A	
Account:	200543	Discount Vision Payable
Amount:	N/A	

RECOMMENDATION:

Staff recommends approval of this motion for a three-year service agreement with two one-year extension options with Vision Services Plan Insurance Company, as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Evaluation Matrix