



AGENDA MEMORANDUM

Action Item for the City Council Meeting March 22, 2022

DATE: March 22, 2022

TO: Peter Zanoni, City Manager

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Benefits Consulting Services

CAPTION:

Motion authorizing a three-year service agreement with two one-year options with HUB International, Texas Inc., for benefits consulting services for the City's health plans and benefits programs in an amount not to exceed \$87,500 per year in the initial three-year agreement for a total of \$262,500.00 and a potential amount not to exceed \$445,454.00 which includes a 3% increase each option year if the options are exercised, with FY 2022 funding of \$43,750.00 available from the Other Employee Benefits Fund.

SUMMARY:

This motion authorizes a three-year service agreement with two one-year options with HUB International, Texas Inc., for benefits consulting services for the City's health plans and benefits programs. The City of Corpus Christi employs over 3,000 benefits eligible employees and maintains approximately 450 retirees who participate in City health plans. A benefits consulting firm is critical to large self-insured public entities. The consulting firm will work in close partnership with the City to create customized, multi-year strategic plans to manage and reduce plan costs, ensure compliance, and achieve healthcare objectives for employees' and retirees' health and productivity.

BACKGROUND AND FINDINGS:

The prior Benefits Consultant contract was awarded to HUB International from October 2017 through September 2021 as a one-year contract with up to four one-year extension options. To ensure that pricing and services were competitive, management made the decision to solicit for new proposals versus extending the agreement for the fourth and final option year.

The previous service agreement was for a total amount of \$246,835.00, with the first year priced at \$59,000 and subsequent years increasing 3% per year. Option year three pricing was \$64,470.

The recommended employee benefits consultant, HUB International, Texas Inc., will partner with the City

of Corpus Christi and provide the following services:

- **Analysis and Reporting**
 - Provide actuarial analysis based on utilization and performance reports, statistical reports, and plan specific data
 - Assist the City in monitoring and analyzing health care trends and provide timely alerts on changing patterns and appropriate recommendations
 - Provide reports such as costs analysis for benefit changes and other statistical, financial, forecasting, trend, labor negotiations, or experience reports
- **Liaison and Problem Intervention**
 - Provide day-to-day consultation on plan interpretation and problem resolution
 - Provide timely customer service and assistance to staff, employees and retirees with issues involving provider billing, claims, vendor service issues/problems, advocacy for services, disputes, interpretation of contracts and services, changes, and general troubleshooting
 - Attendance as needed at meetings with City staff, employees, and/or retirees in order to facilitate and assist in the management of the City's employee benefit plans
- **Compliance**
 - Assist with ongoing plan administration and ensure that programs are in compliance with State and Federal legislation
 - Conduct compliance audit of City's policies and procedures, (ACA, COBRA, HIPAA, USERRA, etc.)
 - Provide access to attorney and compliance department as needed for health and welfare benefit related questions
- **Annual Renewal Process and Evaluation**
 - Continue to refine a strategy for benefits, both annually and three to five years in the future. Consider trends, prospective legislations, new delivery systems, and geographic health-care practices to make long-term projections
 - Review proposals and prepare an analysis of each with recommendations
 - Review and make cost-saving recommendations regarding the modification of plan design, benefit levels, premiums, communications, and quality of current employee and retiree benefit plans
 - Provide annual estimates of renewal rates and cost trends and assist City staff in preparation of budget figures
- **Other Service Requirements**
 - Assist in the development of an employee wellness program to improve employee health and reduce employee and retiree health-care costs, for both the short- and long-term
 - Recommend and help develop enhancements and improvements for communications specific to the needs of City employees and retirees, including, but not limited to, brochures, pamphlets, matrices, comparison charts, summaries, electronic communications, forms, handbooks, and employee orientation
 - Provide timely research and responses to technical questions posed by City staff

In addition to the services listed in the above bullets, HUB will provide a comprehensive Audit of the City's Self-Funded Benefits Program, reviewing all areas referenced in the Request for Proposals (RFP). As part of this work, HUB will work with City staff to create a customized, multi-year strategic plan with the detailed action steps needed to create a long-term strategy that manages plan costs, ensures compliance, and improves the City's employees' health and productivity.

One example of the value that HUB brings to the City can be seen in the Best and Final offers made during the previous Health Benefits Consultant RFP. HUB requested that the competitors add wellness dollars to their best-and-final offers. This request resulted in over \$800,000 in wellness dollars and credits from the scoring committee's final selection, BlueCross BlueShield of Texas.

PROCUREMENT DETAIL:

The City's Procurement team conducted a competitive Request for Proposal (RFP 3669) process to obtain proposals for Benefits Consulting Services. Four firms submitted for the Benefits Consulting Services. HUB International, Texas Inc. scored the highest and was selected to provide Benefits Consulting Services. The selection committee was comprised of representatives from Human Resources, Risk Management/Legal, Corpus Christi Police Officers Association and the Corpus Christi Professional Firefighters Association. The City Manager's Office was on the panel as a non-scoring member. The final evaluation including pricing qualified HUB International, Texas Inc. as the highest ranked firm based on three factors: 1) firm's experience 2) team experience and identification, and 3) understanding of project scope.

HUB International, Texas Inc. was the incumbent and has provided services to the City of Corpus Christi since October 2018. HUB International, Texas Inc. has worked on other projects of similar scope and complexity, to include projects with Brazoria County, City of Pearland, City of Sugarland, City of Galveston, and City of Wichita Falls.

ALTERNATIVES:

The City can choose not to hire a benefits consultant to oversee its self-funded and fully funded health plans and benefit programs. However, in the absence of a benefits consultant, an actuarial service would need to be contracted to compute annual plan costs and health care premiums.

FISCAL IMPACT:

The fiscal impact for a three-year service agreement with two one-year options with HUB International, Texas Inc., is an amount not to exceed \$262,500.00, and a potential total amount not to exceed \$445,454.00 (which includes a 3% increase each option year, if the options are exercised). For FY 2022, funding of \$43,750.00 is available from the Other Employee Benefits Fund.

FUNDING DETAIL:

Fund: 5614
Organization/Activity: 40610
Mission Element: 213
Project # (CIP Only): NA
Account: 530000

RECOMMENDATION:

Staff recommends approval of this motion authorizing a three-year service agreement, with two one-year options, with HUB International, Texas Inc., as presented.

LIST OF SUPPORTING DOCUMENTS:

Service Agreement
Evaluation Matrix